

Nicaraguans Vote As Controversial Campaign Closes

By Robert J. McCartney
Washington Post Service

MANAGUA — Nicaraguans were to vote in nationwide elections Sunday after a three-month campaign that was neither the "genuinely free" contest promised by the ruling Sandinistas nor the "Soviet-style sham" suggested by the Reagan administration, in the view of diplomats and other political observers.

The Sandinists' near-monopoly of most major institutions, ranging from the army and government ministries to neighborhood block organizations, gave them an unrivaled network of activists in place at the start of the campaign to elect a president, vice president and 90-member assembly.

Government trucks have carried supporters to Sandinista rallies, and large groups of pro-Sandinista youths have disrupted at least half a dozen opposition rallies.

Press censorship, although still in force, has been loosened during the campaign.

U.S. diplomats acknowledged that the Sandinistas have allowed expression of a range of political views, including some that were harshly critical of the government.

Parties to the right of the Sandinistas have said that the government is ruining the economy to finance the fight against U.S.-backed anti-government guerrillas, while Marxist-Leninist groups have accused the Sandinistas of being bourgeois.

The principal problem with the election, according to these U.S. officials, is that Nicaraguans cannot vote for the four parties most opposed to the government because those parties are boycotting the race.

The officials' comments suggested that they disagreed with the White House's contention that the campaign was no better than elections in the Soviet Union.

"I think I have to say that a range of political opinion was expressed, with La Prensa uncensored on political matters and the minor parties making use of their television time," a U.S. diplomat said before the election. "That is distinct from saying that the Nicaraguan people on Sunday have a real choice. You can hear these views but you can't vote for them."

The Sandinists' pervasive presence in the society was evident in arrangements for the voting.

Election authorities acknowledged that most officials in charge of the 3,892 voting sites were members or sympathizers of the Sandinist Front, and the ballots were to be guarded Sunday night by "electoral police" who are members of the regular Sandinist police remanded for the task.

U.S. and other diplomats said they did not expect significant vote fraud. The Sandinists were expected to win easily without cheating.

Many diplomats and other observers predicted that the real measure of the election's success for the Sandinists would be the size of the turnout and the number of unmarked or spoiled ballots.

[The early turnout of voters in Managua appeared heavy, with people arriving in large groups at the polls shortly after they opened. United Press International reported Sunday. Results were not expected until Monday.]

The coordinator of the Sandinista junta and the party's presidential candidate, Daniel Ortega Saverio, said the vote would be "a great success if at least 1.2 million persons voted out of 1.55 million registered."

An opposition candidate, Virgilio Godoy Reyes of the Independent Liberal Party, predicted that about 20 percent of ballots would be "invalid" because they were unmarked or marked incorrectly.

Observers Present

More than 400 invited observers from 40 countries including the United States and from Europe, Africa and Latin America and from public organizations such as the European Parliament, were expected to lend an element of credibility to an electoral process. The New York Times reported from Managua.

No specific duties were given to the observers. According to an official of the election council, they were free to visit any polling station at any time Sunday to view the voting process.

"It's clear that the Nicaraguan government is willing to take the risk of criticism," said Charles Whalen, a former Republican congressman from Ohio.



Rajiv Gandhi sets fire to the body of his mother, Indira Gandhi, at the cremation ceremony.

Voters Appear Ready to Give Reagan A Landslide, Working House Majority

By David S. Broder
Washington Post Service

WASHINGTON — American voters appear ready to give President Ronald Reagan a historic reelection victory of landslide proportions Tuesday and possibly restore his working majority in the House of Representatives to go along with continued but diminished Republican control of the Senate.

As the president and his Democratic challenger, Walter F. Mondale, campaigned through the Midwest over the weekend, the final Washington Post survey of political opinion in the 50 states and a Post-ABC News poll of almost 9,000 voters showed Mr. Reagan leading Mr. Mondale by 57 percent to 39 percent. These surveys gave him good prospects for carrying more than 45 states.

The poll pointed to a potential Republican loss of two or three seats from the party's 55-45 majority in the Senate.

But it suggested that Republican candidates were ready to ride Mr. Reagan's coattails to enough House districts to restore the conservative coalition of Republicans and Southern Democrats that passed the 1981 tax, budget and defense measures that were the highlights of President Reagan's first year in office.

In the year's most expensive and heated Senate battle, Senator Jesse Helms, a North Carolina Republican, appears to have taken a small but clear lead over Governor James B. Hunt Jr., a Democrat.

Representative Albert Gore Jr., Democrat of Tennessee, is expected to gain the seat of the retiring Senate majority leader, Howard H. Baker Jr., a Republican. Representative Tom Harkin, an Iowa Democrat, leads Senator Roger W. Jepsen, a Republican, while another Democrat, Representative Paul Simon of Illinois, appears to have at least an even chance of defeating the Senate Foreign Relations Committee chairman, Charles H. Percy, a Republican.

Upset opportunities for Republicans in Kentucky and West Virginia, and, less plausibly, Massachusetts, could reduce the net Senate loss for the party.

In the gubernatorial elections, Republicans are favored to pick up North Carolina, Rhode Island, Utah and West Virginia, while Democrats have a chance in close battles in North Dakota, Vermont and Washington.

The House battles are hardest to read, but they are vital to President Reagan's second-term legislative prospects.

Unless the 99-seat Democratic majority in the House can be cut in half by regaining the 26 seats Republicans lost in 1982, Mr. Reagan could find his mandate blunted.

With only 13 open seats to defend, Democrats have built their

strategy around the strength of their individual incumbents, and they still believe at week's end that they could limit their losses to 10 seats.

Martin Franks, director of the Democratic Congressional Campaign Committee, said Saturday that "if we have kept the focus on our incumbents, we'll be all right."

If the Republicans have succeeded in nationalizing the House election, he said, "we are in trouble."

Each day this past week, the evidence mounted that the Republican advertising drive urging voters to back President Reagan with a Republican Congress and prevent the tax increase that Mr. Mondale has advocated as part of his deficit-cutting plan was having the effect Democrats feared.

Polls by the Republicans showed a three-point gain for the party in the past week in the "generic" House vote, in which voters express a preference for Congress by party, not by individual. Mr. Franks, who was in court Friday trying without

success to halt the Republican ad campaign on the ground that it violated campaign contribution ceilings for individual candidates, conceded Saturday that the ads were hurting.

As planned, the coordinated offensive by the major Republican campaign committees came just as Mr. Reagan was going into high gear in his final re-election effort and making his presence felt in the places where he appeared.

Joseph Gayford, executive director of the National Republican Congressional Committee, said: "The timing is right on this. He added: 'Reagan is making himself synonymous with the Republican Party.'

A campaign consultant for a Democratic senatorial candidate in a state where President Reagan campaigned early last week said, "If Reagan can convert voters as he did there and get them thinking about supporting his people, it's going to be a rough election night."

The tactic is a repetition of the one Republicans used in 1980 to swing 13 Senate seats to their side in a closing blitz. With most of the 14 Senate Democrats on the ballot this year appearing invulnerable, the Republicans aimed its blitz at Democratic House members.

Many of them were protected in redistricting by Democratic-controlled legislatures but, where they were not, the Republicans have gone after them.

Mr. Mondale and Geraldine A. Ferraro, his vice presidential candidate, drew big and enthusiastic (Continued on Page 4, Col. 1)

Gandhi Orders Military To Put Down Rioting

The Associated Press

NEW DELHI — India's new prime minister, Rajiv Gandhi, ordered the army Sunday to crush any resurgence of the violence, largely directed against Sikhs, that followed the assassination of his mother.

The violence, which began after authorities said that Sikh members of her security force were responsible for the killing, subsided everywhere, five days after Prime Minister Indira Gandhi was assassinated. Mrs. Gandhi was cremated Saturday.

Mr. Gandhi ordered quick action to aid more than 16,000 Sikhs who fled from the rioting. He also dismissed P.G. Gavai, Delhi's government-appointed lieutenant governor, the city's chief administrative officer. Mr. Gavai had been blamed for what had been seen as police laxity in suppressing the attacks.

Up to 1,000 people, most of them Sikhs, reportedly have been killed since Wednesday, about half of them in and around New Delhi.

Mr. Gavai was replaced by Mohan M.K. Wali, the permanent sec-

retary in the Ministry of Home Affairs.

Mr. Wali said at a news conference that 458 persons were officially listed as killed in New Delhi and its suburbs, including 59 Hindus who died in Sikh retaliations for the violence. He said that 1,809 persons were under arrest for murder, arson or breach of curfew.

He also said that 16,350 Sikhs had been housed in temporary refugee camps in the city after fleeing their homes.

Accounts of mass killings in the outer suburbs of New Delhi and other cities were still coming in, but no new deaths were reported Sunday. Independent reports from New Delhi and state capitals said that well over 1,000 people had died, most of them Sikhs.

About 40,000 soldiers were brought into New Delhi to protect dignitaries at the cremation, and were quickly deployed to stop the rioting. Troops and police patrolled the worst-affected districts in trucks and armored personnel carriers.

The interior minister, P.V. Narasimha Rao, repeated orders to po-

lice to shoot on sight to stop rioting. He said: "If they don't take prompt action they will be severely punished."

The police were mostly Hindus. Mr. Wali confirmed reports that three of them were under arrest for failing to come to the aid of Sikhs threatened by the mobs. He said the police were often outnumbered and unable to charge the rioters.

Schools are to remain closed at least through Tuesday for security reasons. But the curfew was relaxed in most places during daylight hours.

In New Delhi, many shops reopened and motorized rickshaws, taxis and buses returned to the streets. But taxis were still rare and drivers charged up to 10 times the normal fares.

Many taxi owners are Sikhs, and the streets were still littered with the burned-out wreckage of their vehicles.

Long-distance train services were resumed to and from New Delhi. Squads of armed police rode on each train to protect passengers. Most of the capital's rail services (Continued on Page 2, Col. 7)

Son Ignites Funeral Pyre Of Gandhi in Hindu Rite

By William Claiborne
Washington Post Service

NEW DELHI — Prime Minister Indira Gandhi was cremated in the flames of a Hindu funeral pyre Saturday as a grieving India reeled from four days of sectarian violence that was among the worst since independence was won 37 years ago.

As hundreds of thousands of followers strained for a glimpse of the cremation and millions more watched on television, Mrs. Gandhi's son and her successor to the leadership of the country, Rajiv, walked around the funeral pyre seven times carrying a flaming torch and turned the sandalwood bier into a sheet of fire.

A three-volley rifle salute reverberated across the Yamuna River basin near the place where Mohandas K. Gandhi, who led India to freedom from British rule, and the slain prime minister's father, Jawaharlal Nehru, India's first prime minister, also were cremated.

As Brahmin pundits, those learned in Sanskrit and Hindu philosophy, chanted Vedic hymns and family members climbed the 10-foot-high platform to heap wooden logs atop the slowly smoking pyre, a moan of grief arose from thousands of mourners, followed abruptly by a tranquil stillness as the flames leapt higher.

"From elements you come, to elements you return," Hindu priests chanted in Sanskrit while official mourners circled the pyre and fed the flames with sandalwood dust and cups of ghee, a purified flammable butter.

The tranquility of the cremation was only partly offset by the presence of thousands of infantry soldiers and armed paramilitary security forces around the pyre and the approaches to it, underscoring the fear of Hindu-Sikh violence that kept many mourners from attending the funeral.

The government claims to have brought under control the mob rampages against Sikhs over the assassination of Mrs. Gandhi last Wednesday by two men in her security guard identified as Sikhs. Arsonists, however, turned a predominantly Sikh neighborhood of truck drivers in south Delhi into an

(Continued on Page 2, Col. 3)



A DIALOGUE IN NEW DELHI — Nikolai A. Tikhonov, left, the Soviet prime minister, makes a point with Secretary of State George P. Shultz in New Delhi. Page 2.

Police Role Questioned In Anti-Sikh Violence

By Barbara Crosser
New York Times Service

TRILOKPURI, India — Saturday morning there were only wailing women, uncomprehending neighbors and piles of ashes where men had been burned in Block 32, a Sikh community of perhaps a thousand people in a corner of this poor settlement a few miles from New Delhi. The neighborhood itself had vanished.

"The mob came," an elderly Moslem neighbor named Ali said. "They were about 1,000 strong. Allah knows where they came from."

The Sikhs of Blocks 32 and 33, mostly carpenters, laborers, rickshaw drivers and their families, tried to resist at first, neighbors said. But finally, exhausted, they retreated to their homes.

"And that is when the mob broke through and began killing them in their houses," Ali said. "Beating them with bricks and sticks, burning, stabbing, destroying, looting." Bodies and possessions were set afire with kerosene, witnesses said.

No one knows exactly how many Sikhs — all the victims were described as able-bodied men — died Thursday night and Friday in Trilokpuri.

Another Moslem resident of the neighborhood said Saturday that he had seen several hundred bodies, an estimate also offered by reporters from the Indian Express.

who were the first to reach the scene.

Police said Saturday that they had found only 95 bodies. A nearby resident said he had seen two truckloads of dead men being moved out during the night. An unknown number of men apparently survived by fleeing to safe houses.

Women and children, many of whom had been sheltered in the homes of Moslem and Hindu neighbors before being taken away by police, were beginning to return to salvage what they could from their ransacked houses.

One elderly woman ran sobbing and wailing from house to house, pulling a visitor into the remains of a one-room home, she fell on the bloodstained floor and kissed the sandal of her dead son, then held to her heart a fragment of cloth she drew from the blood and ashes where he had died.

Early Saturday morning a few grotesquely positioned bodies still lay among the little houses along narrow lanes. One slain man was jammed into a narrow sewerage ditch, another frozen in death as he lunged from his bed.

The mass slaying at Trilokpuri raises questions among Indians about two disturbing factors in the violence that has followed the assassination of Prime Minister Indira Gandhi last Wednesday.

The first is the repeated failure of the police to intervene against acts of terror and killing. The second, based on mounting evidence from witnesses, is the apparent organization behind the attacking gangs, strangers who arrive in trucks and disappear when the deed is done.

The Statesman, an independent newspaper, on Saturday described police conduct over the last few days as a "major failure." The Indian Express said Friday that "the machinery of law and order had totally collapsed" in the capital.

Account after account by victims and witnesses of the violence speak of the absence, reluctance or indifference of local law enforcement authorities. The police are empowered to shoot on sight during the hours of a total curfew.

Saturday in Trilokpuri, neighbors of the slain Sikhs said two police constables on motorcycles had visited the area Thursday — the day after Mrs. Gandhi was killed by gunmen identified by police as Sikh members of her bodyguard — to warn that there had been rumors of planned attacks, but that officers would be too tied up in funeral duties to protect them.

That night, witnesses said, the (Continued on Page 2, Col. 5)



A worker puts up a poster at a polling booth in Managua.

Polish Priest's Murder Causes Unusual Alliance

By Michael T. Kaufman
New York Times Service

WARSAW — The murder of the Reverend Jerzy Popieluszko has linked the Roman Catholic Church, the Solidarity movement and the government of General Wojciech Jaruzelski in a frail tactical alliance.

What is understood instinctively by large segments of society is that all three were targets of the plot in which three state security officers, presumed to be operating with the support of hard-liners within the security apparatus, kidnapped and killed the priest.

That the crime was intended to punish the church seems clear. The 37-year-old priest, whose body was found in a reservoir 11 days after his abduction, was sometimes thought of as an embarrassment by some of his conservative superiors because of his flamboyant support of the outlawed trade union movement. But he was known to be a

favorite of Pope John Paul II, who last summer sent him a special rosary.

A few people have even speculated that his murder may have been related to the indictment issued in Rome last month charging Bulgarian with plotting the pope's assassination.

NEWS ANALYSIS

nation. Many Poles believe that the beatification of the young priest and his designation as a martyr are virtually assured.

That the crime was also aimed at Solidarity seems equally clear. Father Popieluszko was considered the patron of the movement. For nearly three years he had celebrated monthly masses for Solidarity activists imprisoned by the government after the proclamation of martial law in December 1981.

The murder of a priest for political reasons, a shocking desecration of this heavily Roman Catholic

country, was presumably intended to intimidate and demoralize Solidarity's rank-and-file sympathizers.

But perhaps the most striking thing about the reaction to the crime has been acceptance of the notion that the Jaruzelski government may have been the prime target. There is a feeling that the suspects left signs pointing to Interior Ministry involvement precisely to demonstrate the weakness of the government.

Even the staunchest Solidarity activists do not believe that direct responsibility falls upon the prime minister, who is first secretary of the Communist Party, or upon the so-called liberal wing of the party whose policies he has adopted.

Some of these people suggest that the plot simply indicates that despite General Jaruzelski's insistence that a normal situation has been restored, his government still does not control the huge security

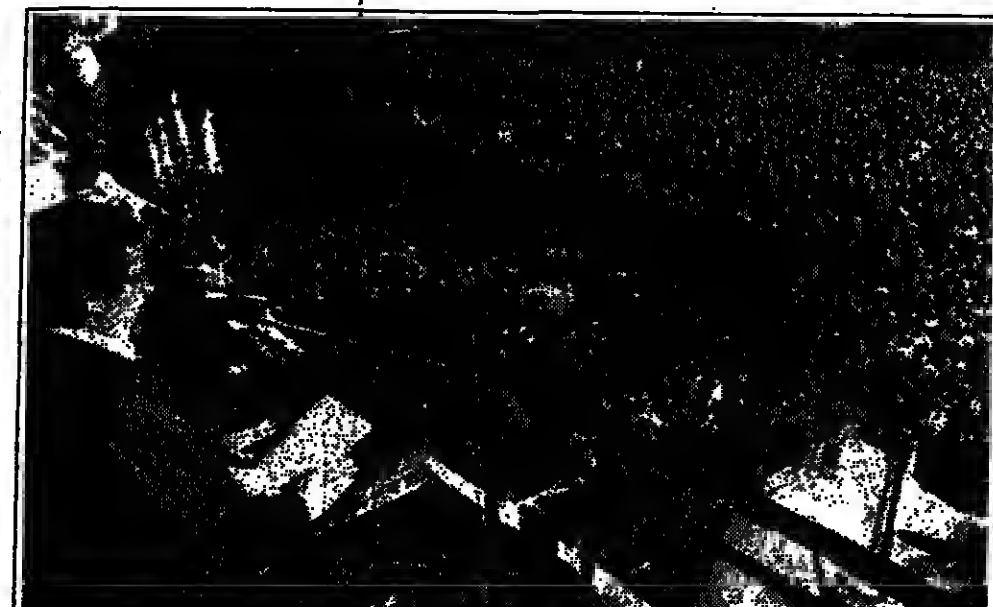
network with its cliques of hard-liners, some of whom have personal links to each other and to their counterparts in the Soviet Union.

Lech Walesa, the leader of Solidarity, has called for calm and warned against provocations. As one sign of the tactical alliance, the official radio, which has assiduously avoided mention of Mr. Walesa for months, is now playing tapes of his appeals.

To some extent, the debt and unusually open responses of the government have encouraged public exonerations of the leadership.

The government confirmed the death shortly after the body was found. It arrested the suspects and announced their names and positions, a departure from past practice. The official spokesman suggested strongly that the three men had support and protection within the security apparatus.

Last week it was announced that (Continued on Page 2, Col. 4)



Lech Walesa speaks at the rites for the Reverend Jerzy Popieluszko. Page 2.

Ethiopians Die on Roads to Food Centers

Reuters
KOREM, Ethiopia — Hundreds of Ethiopians are dying every day in the northern province of Wollo, many of them succumbing to starvation and disease on the road to aid centers, relief officials say.

In the past few days, both Western and Soviet bloc countries have begun an airlift of emergency supplies, but the goods have not yet reached places where starving peasants are congregating such as Korem, 400 kilometers (250 miles) north of Addis Ababa.

Reporters returning Saturday from a two-day trip to Wollo province saw thousands of starving Ethiopians on the road, walking to relief centers in search of food.

Some carried their wives, husbands or children on makeshift stretchers. Others, too weak to walk, lay by the side of the road waiting to die.

The government's Relief and Rehabilitation Commission estimates that three consecutive years of drought have afflicted 1.2 million of the province's 3.2 million peasants and destroyed their way of life.

Wollo is one of the provinces hit hardest by the drought, which threatens famine for up to seven million people across the country. Tens of thousands of the province's people are on the move toward relief centers, having given up attempts to grow crops, officials said.

They are walking toward places like Korem, where 31,000 drought victims are being cared for and 18,000 others have set up scanty shelters awaiting the day when they or their children will be weak enough to qualify for assistance.

Yehualashet Demerew, the regional representative of the Relief and Rehabilitation Commission, said 50 to 100 people at Korem died each day, many of them children too weak to survive hunger-associated illnesses and the night cold at an altitude of 10,000 feet (3,000 meters).

Among the in-roofed shelters and plastic tents that make up the "intensive care" unit at Korem, there is a cluster of five canvas tents called the orphanage.

Scores of children lie here, their eyes protruding from their skulls and their small bodies limp skeletons. Whooping cough, measles and diarrhea, diseases easily treated in the West, kill at least 20 of them a day, relief officials said.

Korek attracts drought victims because it is at the convergence of the provinces of Wollo, Gondar and Tigre, all stricken by famine. About 18,000 people lack proper shelter, Mr. Yehualashet said they were threatened with pneumonia and other illnesses.

Food stocks are adequate in Korem, he said, but in the long term tens of thousands of people will have to be resettled in areas more fertile than the rugged northern highlands.

African Famine Widespread
In at least three countries of Africa, relief officials say that men, women and children are dying of hunger. The New York Times reported from Rome. In many others, malnutrition is widespread, and the threat of famine looms.

Besides the two U.S. planes, aircraft from Britain, the Soviet Union, Bulgaria, Libya, Czechoslovakia, South Yemen and the International Committee for the Red Cross will also be involved.

After a meeting Friday in Washington between Mr. McPherson and Dawit Wolde Giorgis, the Ethiopian relief commissioner, the United States announced it was supplying 50,000 tons of food and two aircraft on a direct government-to-government basis with Ethiopia.

U.S. aid previously was channeled through private western relief agencies, mainly Catholic Relief Services.

Mr. McPherson termed the new direct aid experimental. He will monitor the flow of aid while in Ethiopia.

Widespread deaths from famine have occurred in Ethiopia, Mozambique and Chad.

Sikh woman grieves at the site of her husband's immolation by a Hindu mob in Trilokpuri, near New Delhi.

Role of Police Is Questioned In Violence Against Sikhs

(Continued from Page 1)
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In more affluent neighborhoods to the capital, attacks on Sikh property were often described in similar terms. Attackers appear to be young men unknown to the area and often of lower castes or untouchables.

Middle-class Sikhs, living in hiding and fear, have been joined by some opposition politicians in charging that some members of Mrs. Gandhi's Congress Party (I) are to blame, at least at the local level, for the incitement if not the acts of killers.

The radical Hindu group Rashtriya Swayamsevak Sangh is also blamed for incitement. No one has offered proof of either charge, however.

The commanding officer and his deputy expressed outrage at what had happened. "We are no longer under civil authority here," the commander said. "As of now, I am in charge. We can shoot to kill and, unlike the policemen, you can believe we mean just that."

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Middle-class Sikhs, living in hiding and fear, have been joined by some opposition politicians in charging that some members of Mrs. Gandhi's Congress Party (I) are to blame, at least at the local level, for the incitement if not the acts of killers.

The radical Hindu group Rashtriya Swayamsevak Sangh is also blamed for incitement. No one has offered proof of either charge, however.

The commanding officer and his deputy expressed outrage at what had happened. "We are no longer under civil authority here," the commander said. "As of now, I am in charge. We can shoot to kill and, unlike the policemen, you can believe we mean just that."

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Shultz, Tikhonov Hold 'Good' Meeting in India

By Barbara Crossette
New York Times Service
NEW DELHI — Secretary of State George P. Shultz met here during the weekend with the Soviet prime minister, Nikolai A. Tikhonov, and later said they had had "a good meeting."

The talks Saturday between the two men, who were among nearly 100 foreign dignitaries here for the funeral of Prime Minister Indira Gandhi, constituted the first high-level contact between the United States and the Soviet Union since President Ronald Reagan met the Soviet foreign minister, Andrei A. Gromyko, in Washington last month.

Earlier Mr. Shultz met with India's new prime minister, Rajiv Gandhi, who raised with Mr. Shultz the question of India's concern about American arms sales to Pakistan as well as Islamabad's nuclear program.

Mr. Shultz said after the meeting with Mr. Tikhonov that the two men had "a good meeting."

Satellite Station for Vietnam
The Associated Press
BANGKOK — The Soviet Union will build a second earth satellite telecommunication station in Vietnam, the Vietnam News Agency said Sunday.

with Mr. Tikhonov at the Soviet Embassy. "We touched on a number of topics, including the desire of the United States for a constructive relationship with the Soviet Union," he said. The Soviet side "has expressed similar sentiments."

The secretary of state said that he brought up "forcefully" with Mr. Tikhonov the American displeasure at attempts by Soviet press organizations to link the United States to the assassination.

"He said he had looked into it and that the Soviet Union had no such view," Mr. Shultz said. "He suggested I was wrong," he added, to interpret Soviet reports in that light.

In the Soviet press, accounts of the assassination of Mrs. Gandhi have been juxtaposed with strident dispatches in which the United States is accused of sponsoring "state terrorism" around the world.

A commentary Thursday in Pravda asserted that the Central Intelligence Agency had sponsored a series of operations to foment separatism in India. A Tass report charged that Sikh extremists had close ties to Western intelligence services and that Sikh "extremists and spies" arrested in October had admitted having been trained in

Pakistan under the supervision of the CIA.

[Tass did not mention Mr. Tikhonov's reported admission to Mr. Shultz that his government did not believe the CIA might have played an indirect role in the assassination of Mrs. Gandhi, according to Agence France-Presse.

[President Reagan, campaigning Saturday in Winterset, Iowa, called Soviet suggestions of CIA involvement in the assassination the "world's biggest cheap shot," United Press International reported.]

Mr. Shultz said he expressed to Mr. Gandhi the "sympathy, respect and support of the United States for the independence and integrity of India."

Son Ignites the Funeral Pyre of Gandhi in Hindu Ceremony

(Continued from Page 1)
low number were the continuing daylight curfews in some outlying areas: the fear by many New Delhi residents of renewed mob violence; and a public transportation system paralyzed by the absence of the Sikhs who, for the most part, control it.

Leaders representing 100 nations, including 14 presidents, attended the funeral. Britain and the Soviet Union were represented by their prime ministers, Margaret Thatcher and Nikolai A. Tikhonov, and the United States by Secretary of State George P. Shultz and four former U.S. ambassadors to India.

1,500 Students in Seoul Clash With Riot Police
United Press International
SEOUL — About 1,500 college students clashed with riot police at a university in Seoul during a demonstration to mark the revival of Students Day and push demands for full campus autonomy.

There were no immediate reports of arrests or injuries in the disturbance during which students threw rocks at the police, who used tear gas in return.

The incident occurred after 3,000 students held a rally Saturday at Yonsei University in a western district of the city, and about half of them tried to march off campus for a street demonstration. The students, who organizers said included representatives of 17 universities across the country, demanded that campus democracy be guaranteed.

Seven infantry brigades of the army, consisting of 21,000 soldiers and an equal number of backup personnel, were deployed Saturday in New Delhi to maintain order.

There was no evidence of violence during the funeral and during the three-and-a-half-hour procession in which Mrs. Gandhi's body was borne six miles (10 kilometers) atop a gun carriage from her former family home to the cremation site.

Several hundred thousand mourners watched the cortege move along the banks of the Yamuna, but the crowds were much smaller than the one million to two million expected. Crowd estimates ranged from 300,000 to nearly one million.

Some of the reasons given for the low number were the continuing daylight curfews in some outlying areas: the fear by many New Delhi residents of renewed mob violence; and a public transportation system paralyzed by the absence of the Sikhs who, for the most part, control it.

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Mourners along the route showered the gun carriage with marigold and rose petals.

The crowd, pressing against the police barricades, was driven back by security forces with long wooden batons, as the pallbearers carried Mrs. Gandhi to the top of the platform and, following Hindu tradition, turned her head to the north before setting her down atop a stack of sandalwood.

Rajiv Gandhi led relatives, including his wife, Sonia, and children, Rahul, 14, and Priyanka, 12, to placing flowers, sandalwood dust, grass, fruit and ghee atop the body, while the pundits chanted scriptures.

Mr. Gandhi, who had ignited the funeral pyre for his grandfather, Nehru, his father, Feroze Gandhi, and his brother, Sanjay, circled the bier seven times again, following the Hindu tradition of touching a flaming torch to the flammable oil that had been applied to his mother's face.

As this wisps of smoke curled from the base of the pyre, the new prime minister then ignited the oil-soaked logs just underneath the pallet, and other relatives quickly added sticks of sandalwood to the top of the body, completely covering it with a mound of wood.

Cabinet ministers, senior government officials, state chief ministers and other dignitaries then circled the flaming pyre, adding flammable material. Among them were several Sikhs, including the mostly figurehead Indian president, Zail Singh, and a former Punjab chief minister, Darbara Singh.

The chief minister of the southern Indian state of Andhra Pradesh, N.T. Rama Rao, whom Mrs. Gandhi had sought to remove from office two months before her death in a highly disputed political move, paid homage at the pyre and was greeted by shouts from the crowd of "Long live N.T.R. and Gandhi."

Mr. Gandhi returned an hour after his initial appearance for the Hindu funeral ritual of again circling the pyre seven times while holding a long wooden staff used to touch the deceased's skull—a symbolic act that some sects of Hinduism permit instead of the traditional crushing of the skull in the belief that it releases the spirit to heaven.

2,000 Minks Freed in U.K.
The Associated Press
ELLAND, England — Animal rights campaigners freed as many as 2,000 minks Sunday from a fur farm near this village in northern England, police reported.

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Energy Embargo
The U.S. has imposed an embargo on oil exports to South Africa. The embargo is part of a broader effort to pressure the South African government to end its policy of apartheid.

Oil Pullout Talks
The U.S. and Saudi Arabia are in talks to pull out of Saudi Arabia. The talks are part of a broader effort to improve relations between the two countries.

South Africa
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Peace Efforts
The U.S. is making peace efforts in South Africa. The efforts are part of a broader effort to improve relations between the two countries.

Bomb Attack
A bomb attack occurred in South Africa. The attack is part of a broader effort to improve relations between the two countries.

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AMERICAN TOPICS

In California, Water Is Still for Fighting

With 14 months to go before Southern California loses nearly a fifth of its water supply, the state is without any plan to replace it. Under a 1964 U.S. Supreme Court decision, about half the water the region draws from the Colorado River will be diverted in the Arizona cities of Phoenix and Tucson.

In California, where water can help transform a useless desert into a tract of expensive houses or an avocado orchard, water politics can be emotional and contentious. What Mark Twain said a century ago still goes: Out West, "Water is for fighting. Whiskey is for drinking."

Just about everyone in the state agrees that the water that flows off the High Sierra range in northern California empties into the Pacific Ocean near San Francisco could more than solve Southern California's problems. But proposals to channel this water all have died in disputes between growers and city people, between environmentalists and growers, and between northern and southern Californians.

"I think we have about 10 years available to us to find alternatives," says Donald Brooks of the Metropolitan Water District of Southern California. But Lawrence R. Michaels, of the San Diego County Water Authority, disagrees. Unlike Los Angeles, which long ago tapped the water of the Owens Valley, San Diego does not have an independent source of water. "Our problem," Mr. Michaels said, "is here right now."

Vietnam Memorial Gets an Addition

A military statue comprised of three seven-foot-high bronze figures in combat gear has been added to the site in Washington of the Vietnam Veterans Memorial. The memorial thus far has consisted of a simple, polished, V-shaped black granite wall engraved with the names of 57,939 Americans killed in that war. The statue, which will be unveiled Nov. 9 and dedicated Nov. 11, Veterans Day, was added after the original design drew complaints that it was unheroic.

The statue stands, with the U.S. flag, at a sort of entryway to the memorial about 100 feet (30 meters) away. The soldiers are stepping out of a grove of trees and looking in the direction of the wall and its sea of names.

When it was decided in 1982 to add a military sculpture to the memorial, various people argued that it should be placed at the vertex of the wall. Others disagreed, including Frederick Hart, the Washington sculptor who was commissioned to execute the statue.

Mr. Hart said that his main problem was the stylistic inconsistency between the realistic figures that emerged from his drawing board and the more allegorical black wall designed by Maya Ying Lin.

"My solution was to put the figures completely away from the wall, to preserve the autonomy and integrity of that simple, clean design," he said. "But that created a problem, too. You didn't want to create two memorials as such. You wanted something that was integrated, that had unity with the wall. My solution was to have the figures looking at the wall."

Citizens' Candidate Comes From Behind

"To understand my presidential campaign," says Sonia Johnson, "you only have to un-



Sonia Johnson

derstand one principle: To be born female in our society is to be born behind enemy lines."

Mrs. Johnson, a polite, friendly, fiftyish educator from Arlington, Virginia, who was excommunicated from the Mormon Church in 1979 for her support of the Equal Rights Amendment, is the presidential nominee of the Citizens Party. The party fielded Barry Commoner, the ecologist, for president in 1980.

"All the ways that have been called 'womanly,' and therefore 'weak and dumb,' she said, "are the nonviolent, cooperative ways we need now to prevent atomic destruction."

Mrs. Johnson predicts that she will get fewer than the 236,000 votes Mr. Commoner received last time. Mr. Commoner has endorsed Walter F. Mondale, the Democrat in this election.

Life in the Fast Lane Is Over for Dolores

For the past four years, Corliss D. Jones had zipped in and out of Washington with just enough bodies in her car to meet the city's fast-lane regulations. These require at least three occupants before a driver can use restricted commuter express lanes during rush hour.

But late last month, Virginia state troopers broke up the carpool when they discovered that the third person stuffed into the back seat of Ms. Jones's Pontiac was just that — stuffed. The dummy, dubbed Dolores, had been riding to work in the back seat for nearly six years, Ms. Jones, 28, said.

Police said that adding inanimate "passengers" to meet the carpool regulations is not new. Ms. Jones got a \$35 ticket. She said Dolores's riding days are over.

U.S. Orders Airlines To Fireproof Seats

The U.S. Transportation Department has ordered airlines to equip all jet airliners with fire-retardant seat covers within three years. The regulation applies to domestic carriers and also to foreign airlines flying in U.S. airspace. The cost is estimated at \$10 to \$17 per seat.

Notes About People

A federal appeals court, in a sharply divided 5-4 ruling, has upheld a dishonorable discharge for Leslie Anne Cole, now 29, a Navy woman who refused to wear her uniform or perform her duties after seeing the film "Gandhi."

The heirs of Marlon du Pont Scott have agreed to abide by her will and turn Montpelier, her Virginia estate which was once the home of James and Dolley Madison, into a museum honoring the fourth president of the United States. Mrs. Scott, a du Pont heiress, was married briefly to Randolph Scott, the actor. She died a year ago at 89.

— Compiled by ARTHUR HIGBEE

Reagan, Mondale Press Appeals in States Considered Close

By Howell Raines

New York Times Service

NEW YORK — President Ronald Reagan and Walter F. Mondale hopped through some of the more closely contested states Saturday and Sunday as Mr. Mondale struggled to cut into the strong overall lead that Mr. Reagan appeared in hold.

As the president's advisers boasted that he was ahead in 48 states, Mr. Reagan warned in Iowa that if voters replaced him with Mr. Mondale the nation would be left to wander in "an endless desert of worsening inflation and recession."

As he campaigned toward appearances Monday in his home state of California, Mr. Reagan at every stop implored his supporters not to become so confident of his victory that they fail to vote.

On Saturday, in Little Rock, Arkansas, Mr. Reagan declared that tax increases would come only "over my dead body."

[The Washington Post had reported Friday that Treasury Secretary Donald T. Regan favored

eliminating federal income tax deductions for state and local taxes as well as taxing some unemployment-insurance payments and workmen's compensation payments.

[Asked Saturday about this report, the president said Mr. Reagan had already rejected these proposals. "Mr. Reagan said he would not allow tax increases 'under the guise of tax reform,'" The Washington Post reported in Winterset, Iowa.

[The president also commented on the CIA manual that advocated "neutralizing" officials of the Sandinist government in Nicaragua.

"There was nothing in that manual that talked assassination," he said, adding that use of the word "neutralize" was a bad interpretation of "remove, meaning remove from office."

Mr. Mondale appealed to wavering Democrats to come home to their party. In scrappy speeches to enthusiastic crowds, the former vice president and his running mate, Representative Geraldine A. Ferraro of New York, urged voters

not to believe polls that showed them far behind.

Reagan campaign officials said their polls gave him a national lead of 22 points. A New York Times-CBS News Poll conducted Oct. 23-25 gave the Republican ticket about a 19-point margin.

In private conversations, Mrs. Ferraro was quoted by a congressional colleague as saying she and Mr. Mondale were bending every effort to win at least five states and thereby exceed the Democratic showing in 1972, when Senator George McGovern of South Dakota carried only Massachusetts and the District of Columbia.

Reagan aides have backed off a little from predictions last week that the president would win every electoral vote except the three from the heavily Democratic District of Columbia.

The atmosphere in both campaigns Saturday suggested that the general election campaign was reaching an ending consistent with the trends that have prevailed since Labor Day.

Mr. Reagan, campaigning through Arkansas, Iowa and Wisconsin, warned that the election of Mr. Mondale would take the nation "back to the days of torpor, timidity and taxes."

Mr. Mondale, in his speeches and television commercials, stressed his message that he would rather be a principled "underdog" than win by appealing to voters' selfishness.

In a final swing through the industrial Middle West, he told a Michigan audience that his campaign stood for "compassion and justice" for working people while Mr. Reagan was the defender of the wealthy.

The candidates' travels in a final spirited weekend of campaigning reflected their strategists' assessments of the states in which the presidential contest is still close.

Mr. Lake said the Reagan campaign rated Iowa and Mr. Mondale's home state of Minnesota as "dead even."

Vice President George Bush traveled Saturday to Pittsburgh to announce a federal grant in a move that reflected a battle for Pennsylvania.

Democratic strategists also singled out Hawaii, Washington, New York, Massachusetts, Rhode Island, Maryland and Michigan as



Senator Edward M. Kennedy of Massachusetts joined Walter F. Mondale at a campaign rally on Boston Common. Police estimate that 80,000 people attended the rally.

states where Mr. Mondale hoped to make a late charge.

Mrs. Ferraro's plans to make a return visit to Rhode Island, a state with only four electoral votes, demonstrated the emphasis in the Mondale campaign on simply carrying as many states as possible even if a winning total of 270 electoral votes appeared to be out of reach.

Republican Uses Wealth, Reagan Ties To Tighten Massachusetts Senate Race

By Fox Butterfield

New York Times Service

BOSTON — In an acrimonious fight for the U.S. Senate in Massachusetts, Raymond Shamie, a conservative millionaire businessman who has closely associated himself with President Ronald Reagan's policies, appears close to overtaking Lieutenant Governor John F. Kerry, a liberal Democrat.

Although registered Democrats outnumber Republicans in Massachusetts by 4-1, Mr. Shamie appears to have made deep inroads among working-class Roman Catholic voters, the backbone of the Democratic Party here, by echoing the president.

Mr. Shamie's message has been simple. He has pledged to oppose tax increases and abortion, and he has called for a stronger national defense.

A recent poll by The Boston Globe indicated that Mr. Kerry was ahead by 50 percent to 40 percent, with 10 percent undecided. But the race may be closer than that. The poll also found that among the more likely voters Mr. Kerry led by only four percentage points, 48 percent to 44 percent.

Mr. Shamie demonstrated his appeal in the Republican primary last month by winning 62 percent of the vote against Elliot L. Richardson, who held four cabinet posts and two ambassadorships under three U.S. presidents.

The general election campaign has been bitter. Mr. Shamie has repeatedly accused Mr. Kerry of being a "woman" for being vague. Mr. Shamie has also asserted repeatedly that Mr. Kerry would vote to raise taxes, an assertion that Mr. Kerry has denied.

An uncertain factor is how much Mr. Shamie, 63, the chairman of a high-technology company, has been hurt by disclosures about his association with the John Birch Society and by questions about his efforts to indoctrinate his employees with his conservative ideology.

The questions intensified after Mr. Shamie defended the John Birch Society as "decent people from the mainstream of America."

Mr. Kerry, 40, a graduate of Yale University, has said: "That is an insight into Ray's thinking. If you know they've called Dwight Eisenhower a member of the Communist conspiracy, you can't say they are part of mainstream America."

Mr. Shamie also came under criticism three weeks ago at a meeting with a Jewish group in Sharon, the Boston suburb where his company, Metal Bellows Corp., is based.

Members of the audience noted that the Anti-Defamation League of B'nai B'rith had denounced the John Birch Society for anti-Semitism. They quizzed Mr. Shamie on why he gave his employees literature of the rightist Liberty Lobby.

The Anti-Defamation League contends that the Liberty Lobby is one of the most anti-Semitic organizations in the country.

"You have a responsibility to know what the John Birch Society is all about," a woman in the audience said angrily. "You said they are decent good citizens, nice people. I don't think they are nice people."

John Martilla, a political consultant for Mr. Kerry, contended that Mr. Shamie was benefiting from Mr. Reagan's popularity and the large sums Mr. Shamie has spent.

So far, Mr. Shamie has spent \$935,979 of his own money on the campaign, according to reports filed with the Federal Election Commission. In 1982, when Mr. Shamie ran unsuccessfully against Senator Edward M. Kennedy, he spent \$1.3 million of his own.

The most heated moment of the campaign this year came when John McManus, a spokesman for the John Birch Society, and Major General George S. Patton Jr., retired, the chairman of a Veterans for Shamie group, said Mr. Kerry was a Communist sympathizer guilty of "near-nearous activity" in the Vietnam War.

Mr. Kerry, who commanded a Navy patrol boat in Vietnam, was awarded a Silver Star, the Bronze Star and three Purple Hearts for wounds. But he later organized the Vietnam Veterans Against the War.

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CAMPAIGN BRIEFS

The 'Boys on the Bus' Are Women

NEW YORK (NYT) — Although a few of the journalists reporting on the 1972 presidential election were women, Timothy Crouse's "The Boys on the Bus" repeatedly referred to the press corps following the candidates as "the men." Such a characterization would be a gross error in 1984.

Journalists say more women than ever before have been given the assignment of following a political candidate this year. On recent campaign trips about 20 percent of the reporters following the presidential candidates and roughly a third of those traveling with the vice presidential candidates have been women, according to campaign staffs.

According to company spokesmen, the Los Angeles Times has used 7 women and 15 men to cover the candidates. The Associated Press has used 5 women and 10 men for its coverage. CBS News has used 7 women and 9 men, and The New York Times has used 3 women and 7 men.

Moral Majority Reaches Maturity

LYNCHBURG, Virginia (NYT) — Moral Majority, the fundamentalist Christian lobby that went public in 1980 with issues such as school prayer, abortion, homosexuality and pornography, has come in maturity this year. It confidently awaits a harvest of votes for its causes and candidates on Tuesday.

Fundamentalist churches were holding "God and country" services on Sunday to inspire voters and help ministers and other leaders get them to the polls. Although the ministers do not tell parishioners to vote for President Ronald Reagan, the message is clear. The Reverend Jerry Falwell, founder of the Lynchburg-based Moral Majority, has called for a 24-hour fast beginning at sundown Monday with periods of "deep prayer" that God will send a spiritual awakening to America on election day. Supporters and opponents of the religious right agree that it has had a much greater effect this year than in 1980, in organization, in mobilization of workers, in registration of voters and in support from Mr. Reagan.

For the Record

John A. Zaccaro, husband of Democratic vice-presidential nominee Geraldine A. Ferraro, was involved in two multimillion-dollar real estate transactions last year that now are being investigated by a Manhattan grand jury.

Conservative organizations with titles like American Heroes for Reagan are spending at least \$18 million on behalf of the president in what are called independent expenditures that circumvent federal spending limits. Campaign spending documents filed with the Federal Election Commission and other sources show.

Demand for Food Aid Up 20% in U.S.

Los Angeles Times Service

WASHINGTON — The demand for emergency food assistance in the United States has risen an average of 20.4 percent during the last year, according to a 36-state survey by a nonprofit advocacy group for the poor.

Among the study's major findings was that 71 percent of the 298 providers of food who were surveyed said that private charities could not meet the current need and that many households were being referred to them by state or local agencies unable to help.

Hospital Ethics Committees Play Life-Death Roles

By Andrew H. Malcolm

New York Times Service

NEW YORK — Hundreds of American hospitals are quietly organizing internal ethics committees that are coming to play crucial roles in life-and-death decisions for thousands of patients.

The committees, typically composed of doctors, nurses, administrators, clergy and social workers, play a number of roles.

In many cases these groups are drafting policy guidelines for such vital decisions as who is connected to life-saving dialysis machines, when a critically ill patient will not be resuscitated by machine, when treatment may be withheld from premature infants and how hospital patients may ask to die.

In many hospitals these committees have already participated in decisions to maintain treatment of some seriously ill patients, despite their wishes, while letting other patients die at their request.

Farthest this year, for example,

members of the bioethics committee at St. Joseph Hospital in Orange, California, one of the first in the country, met at length with a family and its 62-year-old patriarch, a totally paralyzed stroke victim connected to a respirator. The patient wanted the breathing machine turned off. His family did not.

"Basically, we told him he would die without the respirator," said one committee member, "and we told them he had no reasonable hope of recovery. Then we left them to talk. An hour later the family agreed and left. The man said, 'I still don't want to live like this anymore.' We waited a few more hours to be sure. We gave him a sedative for comfort and disconnected the machine. He died a few minutes later."

Such decisions, involving medicine, morality and often intense emotion, are a growing issue nationwide as medical advances give doctors and patients choices they did not have only a few years ago.

But patients and their families are often unaware of the existence of ethics committees that can help them in making a choice.

In many places, formation of such committees, whose members are appointed by hospital administrators or who sometimes simply volunteer out of private interest, is opposed by doctors who see them as second-guessers impinging on physicians' decision-making prerogatives.

The President's Commission for the Study of Ethical Problems in Medicine estimated that in 1982 less than 1 percent of the nation's 6,915 hospitals had such groups. Current figures are not available, but Dr. Ronald E. Cranford, one of the movement's most active leaders, estimates that in just two years the number has probably mushroomed to nearly 10 percent.

"We are just in the movement's infancy," said Dr. Cranford, who practices at Hennepin County Medical Center in Minneapolis.

"but its strength and direction are clear."

Already, for example, 39 of 44 Roman Catholic hospitals in California have established such committees, and Dr. Cranford said three-quarters of the hospitals in Minneapolis and St. Paul had set up ethics committees of one kind or another in the past couple of years.

"Sure, there are many more ethics committees," said Mary Babich, a spokeswoman for the American Hospital Association. "The hospitals' awareness of the need for such committees and the public's awareness of the issue are greater today even than yesterday."

"We didn't have a baboon heart in a baby last week," she continued. "This week we do. We didn't used to have artificial hearts, and we couldn't keep tiny premature babies alive. Now we can. But should we? With all these new technologies it seems the ethical and philosophical considerations haven't kept up. And the committees help work this out."



President Ronald Reagan (Republican)

Walter Mondale (Democrat)

WHO WILL WIN?

Find out who the next President of the United States will be on November 6th. Tune in to VOA for complete, round-the-clock coverage as the votes are counted. Hear in-depth analysis of voter trends and commentary by noted political analysts, plus on-the-scene correspondent reports from the candidates' headquarters. It's the story of the year, and you can hear it on the Voice of America.

Listen to VOA for early election results. Beginning at 0000 GMT, world-wide on November 6th, VOA will stay on the air until a winner is determined.



Some members of VOA who will be covering the election: Gil Butler, David Burgida, Peggy Gull and Boh Lodge.

VOA BROADCASTS IN ENGLISH

Broadcast hours (GMT) and best frequencies:

TO AFRICA	0000	11835	7280	9550
TO EUROPE	0000	7200	9760	6040
TO MIDDLE EAST	0000	9740	7200	6040

"BROADCASTING TO THE WORLD"

Reagan's Legislative Hopes at Stake in Elections for House, Senate

(Continued from Page 1)

crowds of their own. But private surveys by both parties indicate that Mr. Reagan and his running mate, George Bush, have continued to expand their lead in most states during the closing week of the campaign.

President Reagan has a chance of winning a 50-state sweep, but to do so will be difficult. In Mr. Mondale's home state of Minnesota, which the Republican ticket has left alone, Mr. Reagan may be slightly behind. In Iowa, Oregon, Rhode Island, Hawaii and Maryland, late surveys and estimates have shown him with only the narrowest of leads.

In the major states on which Electoral College victories are built, Mr. Mondale appears competitive only in Pennsylvania, New York, Massachusetts and Illinois, and trails in all four of them. President Reagan is favored to win Georgia, Hawaii and West Virginia, which he lost to Jimmy Carter in 1980, and could top the 489 electoral votes he gained that year.

Two hundred and seventy electoral votes are needed for victory.

The Post-ABC Poll completed call-back interviews between Monday and Thursday nights to 8,969 of the 11,807 voters first interviewed Sept. 22 through Oct. 2. Despite the intervening events, including two presidential debates and one vice presidential debate, only 10 percent of the sample said they had changed their minds about their candidate's support.

That exceptionally low percentage of change indicated that most voters had made their choices early. Since the switches to and from President Reagan were nearly offsetting, the 57-to-39 percent poll result was not far from the 55-to-37 percent majority the president enjoyed in the earlier survey.

The biggest shift to Mr. Reagan came among voters who earn \$20,000 to \$30,000 a year, perhaps suggesting success for the Republican counteroffensive on the tax issue. Mr. Reagan lost ground marginally among some small voting blocs in the past month, but the overriding impression of the poll is the president's across-the-board strength, spanning every region, every age group, and every income category.

He has held onto a quarter of those describing themselves as Democrats and half the members of union households and is getting 40 percent of the Hispanic vote. He is overwhelmingly rejected by blacks. He is 9 percentage points less popular among women than men, although he still leads among women.

The steadiness of the Reagan lead since last summer has stripped most of the drama from the presidential race and shifted much of the speculative focus to other races.

None has drawn more attention than the Hunt-Helms battle in North Carolina, which has broken all previous Senate records for spending, and perhaps invigoration. Senator Helms leads 49 percent to Governor Hunt's 46 percent in a Gallup Poll for several state newspapers. Private tracking polls indicate that Mr. Helms has captured what a Democrat called "the vital half-step advantage" in the closing days of the race.

In Tennessee, Representative Gore, 36, seems certain to move to the Senate where his father once served.

In Iowa, Representative Harkin appears to have a comfortable lead over Senator Jepsen, according to polls. In Illinois, private polls on both sides show the Percy-Simon race dead even, and Republicans fear that the push for straight-ticket voting in Chicago wards and a heavy black voter turnout could sink Senator Percy.

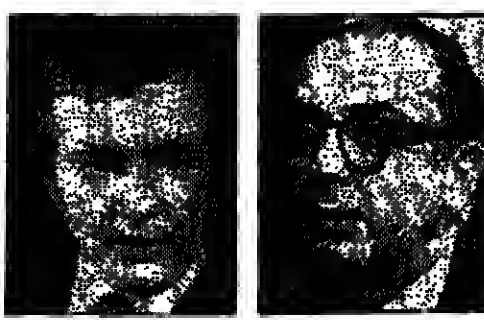
That could leave the Republicans with a Senate majority as small as 52 seats to 48, but they have the opportunity to pad that if their longshots come through in Kentucky or West Virginia.

In Kentucky, a Jefferson County judge, Mitch McConnell, the Republican, has made a surprising surge against Senator Walter D. Huddleston, the Democrat, and made that seemingly safe incumbent nervous.

West Virginia's retiring Democratic governor and Senate candidate, John D. Rockefeller 4th, has been similarly scared by a Republican business executive, John R. Kaese.

In Texas, the retirement of Senator John Tower, a Republican, has opened a seat. Representative Phil Gramm, a Republican who in his earlier incarnation as a Democrat co-sponsored the 1981 Reagan budget, appears to be far enough ahead of a liberal Democratic state senator, Lloyd Doggett, to win unless the huge increase in Texas voter registration heralds an outpouring of black and Hispanic voters.

Key races In the Senate



Hunt

Helms

NORTH CAROLINA — Governor James B. Hunt Jr., 47, a Democrat, is challenging incumbent Senator Jesse Helms, 62. Though a statewide race, it has been in effect a campaign that has taken on national significance. Mr. Helms embodies a brand of rightist conservatism that encompasses religious fundamentalism, fear of "godless communism," and support for South Africa. Mr. Hunt, often described as a moderate who is emblematic of the New South, has campaigned on his support for economic and educational reforms.

The campaign has seen increasingly bitter charges of lying, stealing and racism, and is the most expensive Senate contest in history, with the two candidates spending \$22 million between them and airing more than 7,500 television ads in the past five weeks. Polls show Mr. Helms leading, but by less than the polls' margin of error.



Simon

Percy

ILLINOIS — Senator Charles H. Percy, 65, a moderate Republican, is being challenged by Representative Paul Simon, 55. Mr. Simon, a five-term Democratic congressman, is appealing to liberal and black voters who in the past have provided Mr. Percy with the margin of victory over conservative Democratic opponents. Mr. Percy is chairman of the Senate Foreign Relations Committee, and this position could fall to Mr. Helms if Mr. Percy is defeated. Latest polls indicate that the difference between the two is within the statistical margin of error.



Jepsen

Harkin

IOWA — Senator Roger Jepsen, 55, is a retiring Representative Tom Harkin, 44, who has a reputation for beating Republicans in their own territory. Mr. Harkin, a five-term Democrat, carries on the state's tradition of liberal populism, while Mr. Jepsen is in the forefront of senators pressing conservative legislation on abortion, school prayer and other social issues. He was embarrassed early in the campaign by the revelation that he once visited a "nude health spa." Although he has advanced in the polls in recent weeks, Mr. Harkin still leads by a small margin.

SENATE SEATS

	98th Congress	Not Up in 1984	At Stake in 1984
Democrats	45	31	14
Republicans	55	38	19

SYMBOLS USED FOR PARTY DESIGNATION

AM — American	NU — New Union
CIT — Citizens	P — Prohibition
CON — Communist	POP — Populist
CRP — Conservative	R — Republican
D — Democratic	SOC LAB — Socialist Labor
DFL — Democratic Farmer-Labor	SOC WORK — Socialist Workers
I — Independent	TICP — Think Independent Citizens
IR — Independent-Republican	WL — Workers League
LIB — Libertarian	WWP — Workers World
LU — Liberty Union	

*Incumbent *Candidate of party that currently holds each incumbent seat

GOVERNORSHIPS

	Current Line-Up	Not Up in 1984	At Stake in 1984
Democrats	35	29	6
Republicans	15	9	7

States	Senators	Governors
ALABAMA	*HOWELL HEFLIN (D) ALBERT LEE SMITH JR. (R) S. D. "YANA" DAVIS (LIBERT)	
ALASKA	*JOHN E. HAVELOCK (D)	
ARIZONA	*TED STEVENS (R)	
ARKANSAS	*DAVID PRIOR (D) ED BETHUNE (R)	*BILL CLINTON (D) WOODY FREEMAN (R)
CALIFORNIA	NANCY DICK (D) *WILLIAM L. ARMSTRONG (R) CRAIG GREEN (LIBERT) EARL HIGGEBSON (P) DAVID MARTIN (SOC WORK)	
COLORADO		
CONNECTICUT		
DELAWARE	*JOSEPH R. BIDEN JR. (D) JOHN M. BURGESS (R)	*WILLIAM T. QUIGLEY (D) *MICHAEL N. CASTLE (R)
FLORIDA	*SAM NUNN (D) *JOHN MICHAEL HICKS (R)	
GEORGIA		
HAWAII	PETER M. BUSCH (D) *JAMES A. MCCLURE (R) DONALD S. BILLINGS (LIBERT)	
IDAHO	PAUL SIMON (D) *CHARLES H. PERCY (R) MARJORIE H. PREES (CIT) ISHMAEL FLORY (COM) STEVEN L. GRYOT (LIBERT) NELSON GONZALEZ (SOC WORK)	
ILLINOIS		
INDIANA		*W. WAYNE TOWNSEND (D) *ROBERT D. ORR (R) ROCKLAND SNYDER (AM) JAMES A. RIDENOUR (LIBERT)
IOWA	TOM HARKIN (D) *ROGER W. JEPSEN (R) GARRY DAYOUNG (I) JAMES R. MAHER (D) *NANCY LANDON KASSERBAUM (R) MARIAN RUCK JACKSON (AM) LUCILLE BIEDER (C) DOUGLAS N. MERRITT (LIBERT) FRED A. STEELE (P) *WALTER D. HUDDLESTON (D) MITCH MCCONNELL (R) DAVE WELTERS (SOC WORK)	
KANSAS	*J. BENNETT JOHNSTON (D) (No Republican candidate) ELIZABETH H. MITCHELL (D) *WILLIAM S. COHEN (R) P. ANNE STODDARD (CST)	
KENTUCKY		
LOUISIANA		
MAINE		
MARYLAND	*JOHN F. KERRY (D)	
MASSACHUSETTS	*RAYMOND SHAMIE (R) *CARL LEVIN (D) JACK LOUSMA (R) SAMUEL L. WEBB (CWP) LYNN JOHNSTON (LIBERT) ARTHUR R. TISCH (TICP) FRED MAZEUS (WL) WILLIAM ROUNDTREE (WWP) MAX DEAN (I) JOAN ANDERSON GROVE (DFI) *RUDY BOSCHWITZ (IR) RICHARD PUTMAN (LIBERT) JEFFREY N. MILLER (NU) ELEANOR GARCIA (SOC WORK)	
MICHIGAN		
MINNESOTA		

States	Senators	Governors
MISSISSIPPI	*WILLIAM F. WINTER (D) *THAD COCHRAN (R)	
MISSOURI		*KENNETH J. ROTHMAN (D) *JOHN ASHCROFT (R)
MONTANA	*MAX BAUCUS (D) CHUCK COZZENS (R) NEIL HALPERN (LIBERT)	*TED SCHWINDEN (D) PAT M. GOODOVER (R) LARRY DODGE (LIBERT)
NEBRASKA	*J. JAMES EXON (D) NANCY HOCH (R)	
NEVADA		
NEW HAMPSHIRE	NORMAN E. D'AMOURS (D) *GORDON J. HUMPHREY (R) SAUNDERS H. PRUMACK (LIBERT)	CHRIS SPIROU (D) *JOHN H. SUNUNU (R)
NEW JERSEY	*BILL BRADLEY (D) MARY V. MOCHARY (R) HAROLD F. LEINENDECKER (LIBERT) JULIUS LEVIN (SOC LAB) PRISCILLA SCHENK (SOC WORK) JASPER C. GOULD (I) JAMES T. HAGEN (I) JUDITH A. PRATT (D) *PETE V. DOMENICI (R) ORLIN G. COLE (write-in)	
NEW MEXICO		
NEW YORK		
NORTH CAROLINA	JAMES B. HUNT JR. (D) *JESSE HELMS (R) BOBBY YATES EMORY (LIBERT) KATE DAHER (SOC WORK)	*RUFUS EDWARDS (D) JAMES G. MARTIN (R) H. FRITZ PROCHNOW (LIBERT) GREGORY MCCARTAN (SOC WORK)
NORTH DAKOTA		GEORGE SINNER (D) *ALLEN I. OLSON (R)
OHIO		
OKLAHOMA	*DAVID L. BOREN (D) WILL E. CROZIER (R) ROBERT T. MURPHY (LIBERT) MARJORIE HENDERIKSEN (D) *MARK O. HATFIELD (R)	
OREGON		
PENNSYLVANIA		
RHODE ISLAND	*CLAIBORNE PELL (D) BARBARA LEONARD (R) MELVIN PURVIS JR. (D) STROM THURMOND (R) STEPHEN DAVIS (LIBERT)	*ANTHONY J. SOLOMON (D) EDWARD DIPRETE (R)
SOUTH CAROLINA		
SOUTH DAKOTA	GEORGE V. CUNNINGHAM (D) *LARRY PRESSLER (R)	
TENNESSEE	ALBERT GORE JR. (D) *VICTOR ASHE (R) KHAULI-ULLAH AL-MUHAMMAYIN (I) ED MCATEER (I) LLOYD DOGGETT (D) *PHIL GRAMM (R)	
TEXAS		
UTAH		*WAYNE OWENS (D) NORMAN H. BANGERTER (R) L. S. BROWN (AM) MADELINE M. KUNIN (D) *JOHN J. EASTON JR. (R) MARIAN WAGNER (CIT) WILLIAM WICHER (LIBERT) RICHARD GORTLER (LI)
VERMONT		
VIRGINIA	EDYTHE C. HARRISON (D) *JOHN W. WARNER (R)	
WASHINGTON		BOOTH GARDNER (D) *JOHN SPILLMAN (R) MARK CAINEY (I) BOB LEROY (POP) CHERYLL HIDALGO (SOC WORK)
WEST VIRGINIA	*JOHN D. "JAY" ROCKEFELLER IV (D) JOHN R. RAISE (R) MARY E. JOHAN RADIN (SOC WORK)	*CLYDE M. SEE JR. (D) ARCH A. MOORE JR. (R)
WISCONSIN		
WYOMING	VICTOR A. RYAN (D) *ALAN K. SIMPSON (R)	

U.S. Election Results on Radio and TV Where to Find Them...

Voice of America
Short wave radio from midnight until 6 A.M. GMT.
In Europe: 6040, 7200 and 9720 kilohertz.
In the Middle East: 6040, 7200 and 9740 kilohertz.
In Africa: 7280, 9550 and 11835 kilohertz.
In East Asia: short wave, 21540, 17735, 15330, 15290, 15210, 11795, 1580, and 1143 kilohertz.

American Forces Network
Radio (heard mainly in Germany, Belgium and the Netherlands): Medium wave, 873 kilohertz, and FM, 89.7 megahertz. Live coverage from 1 A.M. to 7 A.M. local time. Television (can be seen in West

Germany in the Frankfurt area, Bremerhaven and Berlin; in Belgium at Supreme Headquarters, Allied Powers Europe, and in the Netherlands in Amsterdam): ABC live coverage from 1 to 5 A.M., and again from 5:30 to 7 A.M. local time. Cable News Network's news roundup from 5 A.M. to 5:30 A.M.

BBC World Service
News and results Tuesday night from 11 to 11:30 P.M. GMT, and Wednesday morning from 12:30 to 1:30 A.M., 1:45 to 2 A.M., 2:15 to 3:30 A.M., and 3:15 to 4 A.M.
Radio frequencies in Europe: short wave, on the 31 and 49 meter bands; medium wave, 640 kilohertz.

Radio Monte Carlo
Radio reports in French from correspondents in the United States and comments by experts in France. Medium wave, 1600 kilohertz, from 7 to 8:30 A.M. Can be heard in France, Switzerland, Italy, Spain and Portugal.

In the Middle East: After 3 A.M. GMT, medium wave, 1323 kilohertz. Short wave, on the 19 meter band.
In Singapore: FM, 88.9 megahertz.

Election coverage will also be broadcast in the 36 BBC foreign service programs in languages other than English.

... And What to Watch For

WASHINGTON — If Walter F. Mondale is going to astound the poll-takers by pulling off one of the great upsets in U.S. electoral history, there will be some early signs for those following the returns on radio and television.

For signs of Mr. Mondale winning the 270 electoral votes he needs for an upset, watch the early returns from the Northeast. It would begin with his carrying such traditionally Democratic states as Massachusetts (13 electoral votes, polls close 8 P.M. EST) and Rhode Island (4 votes, 9 P.M.).

Early clues might also come from Kentucky (9 votes, 7 P.M.), Connecticut (8 votes, 8 P.M.), and Missouri (11 votes, 8 P.M.).

Some Republican observers say that if Mr. Mondale is going to give the president any kind of contest, it could show in Connecticut and Kentucky. The latter is an indicator of voting trends in southern and border states.

Missouri rural returns might give some clue of farm sentiment, a key element in the 1948 upset by Harry S. Truman.

A big Mondale margin in New York City would prompt projections that he was going win New

York, the nation's second-largest state (36 votes, 9 P.M.). Similar margins in Philadelphia and Pittsburgh would put Pennsylvania (25 votes, 8 P.M.) in the Democratic column.

But if Mr. Reagan carries Massachusetts (13 votes, 8 P.M.) and Rhode Island (4 votes, 9 P.M.) and appears to be running well in the big Eastern cities, it will be a re-election landslide for the president.

Mr. Mondale cannot win on the Northeast alone. Even if he wins in that region, he will need electoral help from the big industrial states of the Midwest — Ohio (23 votes, 7:30 P.M.), Michigan (20 votes, 9 P.M.), and Illinois (24 votes, 8 P.M.). If Mr. Mondale carries those three, it will be a long night of uncertainty.

In the deep South, some see Georgia as Mr. Mondale's key state in the region, but at least one Democrat says Alabama may be a better indicator. In any case, no really expects Mr. Mondale to win states in the South, and if he does, the race may not be decided until late in the evening.

If the election is a Reagan landslide and settles down to a question of who gains what in Congress, there will be some early tests of Mr. Reagan's coalitions.

The Senate race in Massachusetts between Lieutenant Governor John Kerry, a Democrat, and Raymond Shamie, a Republican, will be an early test. If Mr. Reagan carries the state but Mr. Kerry beats Mr. Shamie, it will indicate that Democrats are deserting Mr. Mondale but staying loyal to state candidates. A Shamie victory is potential trouble for the Democrats.

(AP, UPI)

Computerized Ballots Slowly Edging Out Their Mechanical Predecessors

By David E. Sanger

New York Times Service

NEW YORK — When residents of Bradford County, Pennsylvania, arrive Tuesday at the polls, the familiar levers and cranks of the old voting booths will be gone. Voters there, and in a handful of other U.S. communities, will cast presidential ballots electronically, pressing buttons on what amounts to a souped-up personal computer.

Election officials say that the old-fashioned voting booth is doomed — in fact, nobody even makes them anymore — and the era of electoral electronics has begun.

"We've been electing presidents with 19th century technology," said Gary Greenhalgh, who heads the Federal Election Commission's efforts to modernize the ballot box. "It's time to do better."

matter that has eluded consensus. Nearly half the United States, including California and much of Illinois, now votes by pushing holes in computer punch cards, a system invented by a political science professor in the early 1960s.

In Milwaukee, Louisville, Kentucky, and Birmingham, Alabama, voters will use an optical scanner that reads and tallies pencil marks on a paper ballot.

The Federal Election Commission estimates that 7 percent to 10 percent of U.S. voters, mostly in rural areas, will still simply put paper ballots into a ballot box this week, and their votes will be counted by hand after the polls close.

Electronic systems, however, are gaining ground. Not only are they small and speedy but, because of the fall in the price of nearly all small computers, they are often cheaper than the old voting booths. Connected to a telephone, an electronic booth can "dump" vote

tallies into a central computer at a state election commission in seconds.

To ease the transition, some of the computerized machines have been designed to resemble their mechanical predecessors. The Shouptronics Election System, made by the R.F. Shoup Corporation of Bryn Mawr, Pennsylvania, looks like a traditional booth from the outside.

Inside, candidates are listed on a large computer printout that overlays a master control panel. Instead of pulling levers, voters press a box on the ballot, activating a button underneath. The choice is illuminated but not recorded until the voter hits a master switch on the way out of the booth.

"We've used it in Santa Fe, Memphis, Montgomery, all over, and the response has been great," said David

Deufel, vice president of Shoup. The machine costs about \$3,600.

Another type of electronic voting booth is built around the International Business Machines Corporation's home computer, the PCjr. It uses a "touch-screen" that requires voters simply to point to their choices on a video display screen showing the image of a ballot. It will be sold for between \$1,800 and \$2,800 by Integrated Microsystems of Rockford, Illinois.

No one expects electronic voting to sweep the nation overnight. Most jurisdictions have large investments in their current systems, and converting a state the size of New York, for example, could take decades.

Moreover, election statutes "are all still based on the mechanical booths," said Thomas Wallace, executive director of the New York State Board of Elections. "We would have to change an entire body of law."

Cheysson in Algiers: Again, History Haunts France

By Richard Bernstein
New York Times Service

PARIS — History, recast events have shown, haunts the French. It is a brooding, sometimes baneful presence, staring down the long corridor of the past at the affairs of the present day.

It is the issue of not knowing history, of having "la mémoire courte" — a short memory — bears a special edge of insult here. It is an accusation, slipped not infrequently into French polemics, suggesting a lack of the moral awareness that comes from remembering past events.

The issue of memory has been stronger than usual since an announcement last month that the minister for external relations, Claude Cheysson, would visit Algeria starting Nov. 1, the 30th anniversary of the Algerian uprising that marks the beginning of the end of French rule there.

Mr. Cheysson's presence in Algeria on that raw nerve of a date immediately provoked a host of hostile comments, mostly from the rightist opposition, whose statements and articles recalled the murder, the torture and the agony of the Algerian independence war.

One member of the National Assembly, Michel Noir, contended that Mr. Cheysson was committing a "kind of crime against the memory of the French who were killed on that day."

If Algeria reflects the endlessly complicated

and moral questions posed by history, there is an older dispute that has similarly evoked painful memories and bitter outbursts in France lately. It concerns the reputation of Philippe Pétain, the hero of World War I, who was condemned to death 39 years ago, though never executed, for having led Vichy France in its collaboration with the Nazi occupiers of World War II.

The question of Pétain has never entirely disappeared from the French scene, certainly not since the 1971 documentary film on the years of occupation, "The Sorrow and the Pity," examined the issue of French collaboration with the Nazis.

But circumstances have conspired during the past several months to give a new prominence to the issue of Pétain. His trial was the subject recently of a documentary on national television, designed to provide evidence on the question: Was the judgment of Pétain just?

The weight of evidence in the documentary went against Pétain. The program was replete with images of French collaboration and Pétain's encouragement of it, including the dispatch of French volunteers to fight with the Nazis on the Russian front and the persecution of the Jews of France that went beyond even what the Nazis were demanding.

The issue of Pétain and the collaboration has also been evoked in several recent books of memoirs and biography here. One new work, a biography of President François

Mitterrand by Catherine Nay, details some early, and fleeting, attractions to Vichyism on the part of the future Socialist leader, who, after a year in unoccupied France, declared himself entirely in resistance by joining de Gaulle in London.

Miss Nay's study seems to show that in its early period — before the Germans occupied the southern zone of France in November 1942 — Vichyism did not necessarily inspire an immediate rejection, even by patriotic young Frenchmen.

An unabashedly pro-Pétain book of memoirs has recently been published by Jacques Isorni, the 73-year-old lawyer who defended the Vichy leader at his trial in 1945 and who has made the reversal of the guilty verdict there a lifelong crusade.

During the summer, for example, Mr. Isorni received money from an anonymous donor to publish a full-page advertisement in Le Monde contending that the French have "short memories," a charge made by Pétain himself in a speech of June 17, 1941.

Pétain, the advertisement argued, had the support of the vast majority of French when, after the crushing defeat of 1940, he agreed to head the government of a Free French zone that would not be occupied by German troops. His actions, the argument went on, had the appearance of collaboration but in fact were undertaken to lessen the harshness of Nazi rule by keeping for France an area of independent action.

According to the television documentary

on Pétain's trial, 31 percent of the French believe that he should have been acquitted.

An answer to Mr. Isorni's advertisement was published a few days later by the Association of Sons and Daughters of Deported French Jews, which recalled the anti-Semitic persecutions of the Vichy era and declared to the French, "You do not have short memories."

The anti-Semitic persecutions included the days of July 16 and 17, 1942, when nearly 13,000 non-French Jews were rounded up in a cycling stadium in Paris and deported to Auschwitz, where most of them perished. Citing a high school history manual, the statement said 75,000 Jews were deported from France to Auschwitz, including 23,000 French Jews.

"Show me one Jew who was saved by Pétain," said Lucie Aubrac, the author of another book of memoirs of the Vichy period, rejecting Mr. Isorni's contention that Pétain's collaboration masked an effort to lessen anti-Semitic persecutions. Mrs. Aubrac went on, "The Jews who were saved in France were not saved by Pétain; they were saved by the people of France."

Mrs. Aubrac, 72, is not Jewish, but she is married to Raymond Aubrac, a Jewish leader of the Resistance in Lyons and a friend of Jean Moulin, de Gaulle's clandestine representative in France, who was captured by the Nazis in 1943 was believed to have been executed.



France's external affairs minister, Claude Cheysson, left, and Claude Estier, head of the Parliament's foreign affairs committee, with Archbishop Léon-Etienne Duval in Algiers.

At the Battle Front, Iran Appears to Shape a Strategy With Limited Goals

By John Kifner
New York Times Service

GARKANI, Iran — The bleak, wind-carved hills in this border area due east of Baghdad are the latest scene of Iranian fortitude in the long-running, slow-moving Gulf war.

A series of swift, commando-style raids by the Iranians last month dislodged Iraqi troops from entrenched positions in Iran and brought the Iranians within six miles (9.6 kilometers) of the border, to a spot overlooking a strategic roadway.

But the limited nature and goals of the new Iranian offensive appeared to mark a change from the human-wave assaults across a broad front that had been used in the past.

Here the Iranians launched a contained operation, which some Western military observers said they believed was at least in part symbolic, to show that they were still capable of aggressive action despite increased Iraqi firepower.

"The commander of our operation," said Colonel Hussein Eftehadi, smiling slightly, "is the Twelfth Imam."

In Shiite Islam, the religious and political doctrine that has sustained Iran through four years of stalemate against what on paper appears to be a formidable foe, the central belief is that the Twelfth Imam, or supreme religious leader, was hidden away in a cave 11 centuries ago and will one day return as the Mahdi, or redeemer, to rule in a perfect society.

The colonel, who is in charge of the front, told a group of foreign journalists that his men, a combined force of regular soldiers and Revolutionary Guards, had recaptured about 30 square miles (77 square kilometers) of territory.

The area, on the fringe of the Zagros Mountains, is generally known as the Mekim Heights region. The colonel said his men completed their assault in eight hours last month, then held off four days of counterattacks.

He asserted that his forces had killed 2,000 Iraqi soldiers, breaking

three brigades, and destroyed or captured 200 tanks. Western military observers in Tehran were somewhat skeptical of the claims made in official communiqués, given the relatively limited nature of the fighting.

There have been repeated reports since late last spring by U.S. intelligence that the Iranians were massing near Basra in southern Iraq, but thus far there has been no attack in that area.

The sudden burst of fighting after months of rumors of an imminent Iranian offensive, and the continued insistence of Ayatollah Ruhollah Khomeini and other Iranian officials that the war cannot

end until President Saddam Hussein of Iraq is deposed, indicate little likelihood that an end is in sight.

Along the dusty dirt roads a week after the fighting, Iranian troops were digging into the overhanging ledges, building new shelters of corrugated tin, sandbags and empty wooden ammunition cases.

Scattered among their gear were brightly colored motorcycles and picnic coolers, as well as fresh supplies of gas masks in case of chemical attack. Broken tank treads were used as retaining fences, and green

and red religious flags flapped over the emplacements.

Howitzers were set in deep holes across the road, surrounded by piles of empty shell casings and fresh ammunition. As crews loaded the guns the other day, there were chants of a prayer for the well-being of the prophet Mohammed and his family, and cries of "God is great!" after the lanyard was pulled. A recently captured Iraqi tank sat on a side road.

The Iranians had fought their way through the rugged terrain to the last range of gullies, buttes and ridges that look down on the flat, green Halah plain running into

the desert. From the heights their guns can fire on the Mandali road in Iraq, a strategic supply route on the eastern side of that country's middle sector.

But Iraq has been pounding the area back with artillery and air strikes.

"Our goal was to clear this place of enemies," Colonel Eftehadi said, leaning on a pointer as he briefed the journalists before a map in his command bunker. "They were so weak against our warriors."

Asked about Iraqi air superiority and reports that the Iranians were plagued by a lack of spare parts for their planes, the colonel replied,

"The Iraqi Air Force is not in a position to dictate the destiny of the war."

The Iraqi, the colonel contended, have not gained a single mile since the first week of the war.

Bangladesh Cholera Deaths

The Associated Press

DHAKA, Bangladesh — More than 360 people have died of cholera and diarrhea in the last few weeks in the Sylhet and Tangail districts of Bangladesh, local newspapers reported. Sylhet is 187 miles (300 kilometers) northwest of Dacca and Tangail just to the north.

including a woman, were also detained in connection with the rocket attack Oct. 28 in which one Arab youth was killed and 10 others were wounded. One was later released.

The Jerusalem police chief, Avraham Turgeman, announced the arrests Saturday.

An Israeli television report said the police had been led to Mr. Ben-Shimon by fingerprints on the anti-tank rocket launcher used in the attack. He had been missing from his army unit since Oct. 28. Mr. Ben-Shimon is thought to have stolen the rocket launcher from the

unit in which he was being trained.

Mr. Turgeman said that Mr. Ben-Shimon, who is in the army's elite Golan Brigade, which captured the Golan Heights from Syria in the 1967 war, was cooperating with the police and on Friday renounced the rocket attack on the bus. In addition, the police chief said, the man admitted throwing a grenade into an Arab cafe in the Old City of Jerusalem on Sept. 22.

Israeli television said that all four suspects were arrested Wednesday. The three male soldiers are from Jerusalem and the

woman is from the desert town of Arad, the police said. The police are still looking for one more suspect, the television report said.

Mr. Ben-Shimon was described as coming from a large, lower-class family from Jerusalem's poor Katamon district. He reportedly had no previous criminal record but was known to police because of his association with what they called undesirable elements.

Mr. Turgeman indicated that there did not appear to be any connection between Mr. Ben-Shimon and the 25 Jewish terrorists

arrested last spring in connection with the murder and maiming of West Bank Palestinians.

The police found the rocket launcher in the bushes next to the road where the Oct. 28 attack on the Hebron bus took place.

With the weapon was a note written in poor Hebrew saying the attack was in retaliation for the murder of two Jewish students near Bethlehem a week earlier. The note said such attacks would continue unless the government instituted capital punishment for Arab terrorists.

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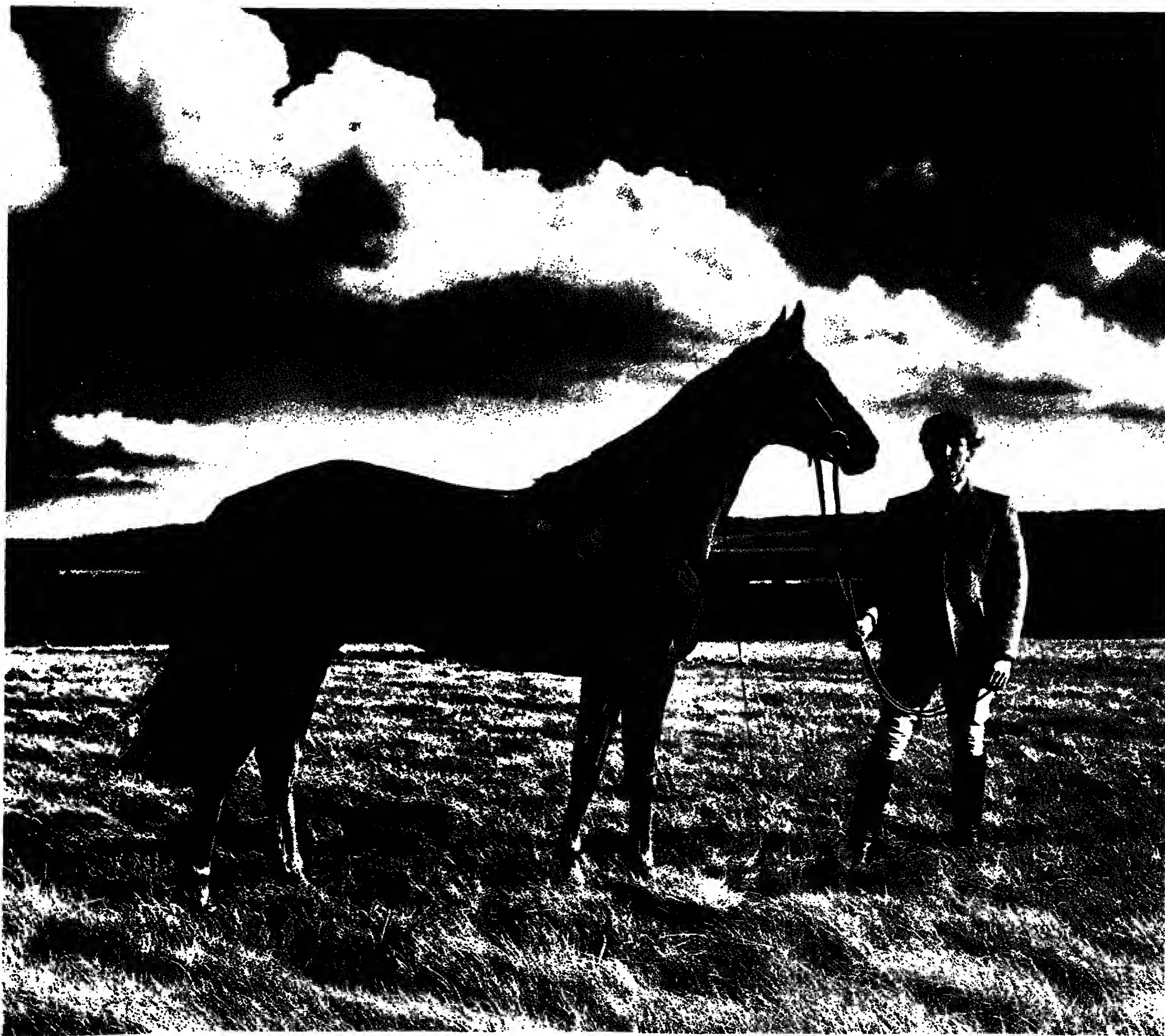
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Herald INTERNATIONAL Tribune
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HONG KONG

A SPECIAL REPORT

NOVEMBER 5, 1984

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The Economy: Colony Keeping Eyes on China

FOR BUSINESSMEN in Hong Kong, the details of the Chinese-British draft agreement on the British colony's future after 1997 under Chinese sovereignty are all well and good, but bankers, brokers and property men agree that the true key to Hong Kong's future well-being is the direction of the Chinese economy.

For China to tolerate a free-wheeling, capitalist Hong Kong, as outlined by Chinese leader Deng Xiaoping's "one-country, two-systems" plan, China itself must continue on its current path. Since 1979, that path has led away from rigid state planning toward a limited form of private enterprise, profit and loss accounting and, most recently, national taxation.

Although the agreement will mark the first time in history that a Western power has voluntarily negotiated the handover of a colony to a Communist power, the mid-October plenary session held in Beijing by the Communist Party Central Committee to endorse and extend Mr. Deng's reform of the Chinese economy may some day prove far more important to Hong Kong's chances of survival.

The meeting in Beijing is all the more noteworthy as news of continuing opposition to Mr. Deng's policies inside China leaks into Hong Kong. Not only do diehard doctrinaire leftists in the Communist Party and military hierarchies accuse his policies of contaminating socialist society, but lowly workers and peasants left out of the private-enterprise boom enriching others also feel resentment.

Recently a disgruntled Chinese northerner set off a bomb in the Guangzhou railroad station to express his frustration with the relative wealth of southern China. Hong Kong, soon to be part of

China, must withstand this kind of political and economic resentment or gradually pressure from the mainland will curtail its commercial activities and its international star will fade.

An unofficial member of the colony's Legislative Council, Selina Chow, summed up the challenge for Hong Kong's businessmen in the three-day debate on whether to commend the Chinese-British agreement to the people of Hong Kong: "The relationship between Beijing and Hong Kong can be compared to the relationship between a multinational corporation and its newly acquired, highly profitable subsidiary. In spite of its performance and achievement, the subsidiary cannot afford to overlook the corporate structure. For its own sake, it had better maintain its profitability."

There is no doubt that, with Hong Kong's growth in 1984 anticipated to reach 8 percent (as revised upward by the financial secretary, Sir John Brembridge, from his earlier forecast of 6 percent), Hong Kong is not exactly unprofitable. Its growth has been led by a 45-percent rise in exports, in value terms, for the first half of this year, compared with the same period in 1983. By June, industrial output had increased by about 20 percent and unemployment had fallen to 3.4 percent (considered virtually full employment). All this was accomplished during a period of unprecedented political uncertainty.

Exports to the United States, Britain and China grew 36, 15 and 57 percent, respectively, in the first half of the year. China has continued as Hong Kong's fastest-growing trading partner, leading the increases not just in domestic exports

(Continued on Next Page)



Pedestrians wait to cross a Hong Kong street.

A Growing Private Bank Network Backs Adventurous Entrepreneurs

By Jo McBride

MAKING A FORTUNE is close to the heart of most of Hong Kong's 5.6 million people. Well over half of the colony's population was born in China and migrated to a territory whose streets were reputed to be paved, if not with gold, then with opportunities to earn it.

Evidence that the dream is attainable appears daily in the streets and the news media and in the annual figures for growth of the gross domestic product. The captains of industry, trade taipans and shipping magnates who spearheaded this transformation by working hard and shrewdly, now expect the wealth that they have accumulated to do the same.

At their service is a growing band of private bankers. Not only banks but investment companies and stockbrokerage-based houses are rapidly introducing

these services. They see their market as not limited to Hong Kong but extending to entrepreneurs in neighboring Southeast Asia (many of whom are also ethnic Chinese) and to the newly industrializing states of South Korea and Taiwan.

In all these countries wealth is still held by individuals rather than institutions such as the mighty pension funds of the United States, Japan and Australia. Private banking in Asia is thus a very personal business, a fact stressed by all those having or hoping for a slice of the action.

"But there is nothing really new about it," said John Lewis, senior manager of the Hong Kong Bank group's private banking department. "We have been doing it for years."

Nor, he said, "can it be described as a product; it is a

(Continued on Next Page)

After the Beijing Pact: Relief and Resignation

HONG KONG — With only a month to go before the British Parliament reviews and probably ratifies the British-Chinese draft agreement on Hong Kong's future, a sense of relief and resignation has settled over most of the British colony's 5.6 million people.

The agreement guarantees that Hong Kong's commercial and civil freedoms will be maintained as they are now for at least 50 years under Chinese sovereignty after 1997, as outlined in Deng Xiaoping's concept of "one country, two systems." The draft has been generally perceived, by advocates and critics alike, as being more detailed than expected. That judgment must, however, be viewed in the context of two full years of political uncertainty, pessimism and occasional panic weathered by the Hong Kong Chinese.

"There's no point in it at all: write down that we don't trust China," a Chinese conductor on the colony's century-old Peak Tram said a few weeks after the initialing of the joint agreement in Beijing. His attitude is representative of many Hong Kong Chinese residents, about half of whom are refugees from the Communist mainland.

A cynical attitude toward the Communists' intentions and the ability of ordinary citizens to be heard by either a colonial or a Communist government is posing a major challenge to government officials and community leaders. They are encouraging the Hong Kong majority to shed overnight the effects of three decades of political passivity that have only been reinforced by two years of being relegated to the sidelines while London and Beijing settled the colony's future.

Despite cynicism born out of China's past political behavior, there is reason to believe that the agreement will be observed by Beijing.

The draft is clearly flawed by omissions and compromises, but, nevertheless, contains what diplomats have come to call the "super-glue clause." This is the seventh paragraph of the joint declaration, which includes the essential word "agree," which the British insisted on in the accord. (In international eyes, this key word turns the Chinese-style opening declaration of guarantees, followed by legalistic annexes drafted by the British negotiating team, into a binding agreement equal in status to a treaty.)

Sir Geoffrey Howe's timely move last July, giving Beijing a joint Chinese-British liaison group to observe Hong Kong's transition from now to 1997 in exchange for the "super-glue clause," may be Britain's most noteworthy achievement in the often acrimonious negotiations. The Hong Kong people will not know what other diplomatic prices they paid, if any, for the terms of the agreement until 2010, or 25 years from now, when the record of the 22 secret rounds of talks in Beijing will be available for public scrutiny.

Britain's performance may not shine so brightly when historians examine how closely Britain is heading its own commitment to accept a deal with China only as long as it is acceptable to the Hong Kong people. Just hours after the initialing ceremony in Beijing, Sir Geoffrey in New York, the colony's governor, Sir Edward Youde, in Hong Kong and the chief negotiator for China, Zhou Nan, spoke publicly of the newborn draft as if it were a *fait accompli* already ratified, while Hong Kong people were exhorted to carefully review and comment on its terms as if they had a choice.

Now is when the people are supposed to voice their say on what even the governor has termed a "take it or leave it" deal. No referen-

dum will be held, although one was considered by the Foreign Office in London. The explanation given for deciding against a referendum has alternately been that the wording of its questions might be too limiting, that the territory lacked the political machinery for such an exercise, or that the Hong Kong Chinese might be politically manipulated by local Communist elements. Observers such as Peter Harris, a Hong Kong university professor, have pointed out that similar dangers elsewhere have not prevented the British from holding referendums. Another political analyst, who declined to be named, said: "Sir Geoffrey may go down in history as the man who didn't trust public opinion."

Instead of a referendum, the local government has opened an office to receive public assessment of the draft accord, should anyone wish to step forward. As of a month ago 500 persons had responded, a paltry number when compared to the total population of the territory. A leading Hong Kong community group, the Hong Kong Observers, published their critique of the accord, followed by a lengthy statement explaining that they would not be submitting their conclusions to the assessment office, which they termed a "farce."

The Assessment Office itself has come in for widespread criticism. An unofficial in the colony's Legislative Council, Wong Lam, said the office was a waste of taxpayers' money. A visiting labor member of Parliament, Ian Mikardo, termed it "a sick joke."

"It isn't in any sense meaningful; it's just a cosmetic exercise," he said. "I don't think anybody really believes in it — not even the people running it."

In an effort to increase the flow of comment from the public (and lend credibility to London's claim

(Continued on Next Page)

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A SPECIAL REPORT ON HONG KONG

New Trade Barriers Hinder Growth of Textile Industry

By Patrick L. Smith

HONG KONG'S textile and garment manufacturers have experienced the best and worst of times this year.

By the end of August, the industry's exports totaled 36.3 billion Hong Kong dollars — an increase of 44 percent over the first eight months of 1983. Even discounting inflation and the reduced value of the local currency, this reflects a healthy gain. Employment in the industry, at 366,000, is up 4 percent since the beginning of the year.

It is clear, however, that the industry's growth will become increasingly difficult to maintain, chiefly because of new trade barriers that could permanently alter the size and character of the industry. These have stemmed mostly from protectionist pressures in the United States, which accounts for more than 40 percent of the territory's textile exports.

In September, Washington implemented new criteria for determining a garment's country of origin. If these rules remain in effect, they will disqualify about \$300 million worth of "Made in Hong Kong" knitwear, since most of the territory's woolen sweaters are produced from unfinished components knitted in southern China.

This has been the industry's most visible concern, but it is not the only one. Since last December the United States has significantly increased its requests for curbs on categories of garments not under

quota restrictions. There have been 24 such "calls," as they are known in the industry, against Hong Kong in the last year; worldwide, the United States has requested well over 100.

Hong Kong negotiated its current bilateral textile accord with the United States in 1982, under the jurisdiction of the Multi-Fiber Arrangement, or MFA. Since then the trend toward tighter markets has been unmistakable.

At the start of the accord, about 60 percent of Hong Kong's sales to the United States were governed by export controls. "As a result of calls made since the agreement came into effect," said the colony's assistant trade director, Robert Footman, "we believe we're now about 90 percent restricted."

Strong consumer demand in the United States — and to a lesser extent in Europe — has pushed sales this year to the maximum allowed by quota agreements. There has also been a surge in the volume of exports in unrestricted categories of garments. The other source of growth in export receipts has been Hong Kong's efforts to produce more expensive goods aimed at the fashion-oriented segment of the retail market.

States of siege are nothing new to Hong Kong's textiles manufacturers. But trade conditions have worsened so dramatically under the MFA that many now argue that the territory would be better off with such a pact.

Tighter restrictions on market

access are likely to accelerate trends that have been apparent in the industry for many years — the move upmarket, for instance, and increased investment in production facilities abroad. Many manufacturers expect small companies and those serving the lower end of the market to become casualties in this process.

Knitters are beginning to turn out high-fashion angora and cashmere garments; production for such labels as Bill Blass, Ralph Lauren, Adrian Vittadini and Girbaud is no longer uncommon. "Everyone wants to make the most of their quota," said Kayser Sung, editor of the monthly Textiles Asia.

Offshore investment, which began in the 1960s, when export restrictions first began to hinder volume growth, may also accelerate. Hong Kong manufacturers have long been major investors in Southeast Asia and in such countries as Sri Lanka, the Maldives and Mauritius. Now, they are beginning to pour capital into Central America and the Caribbean — and even Britain and other parts of Europe.

In part, such investment will be determined by the degree of restrictions importers place on these areas. But many executives believe other factors could encourage the shift out of Hong Kong — political worries, rising labor costs and better access to raw materials elsewhere.

Local manufacturers complained recently, for instance, of shortages of yarns and cloth from



Stalls are full in a Hong Kong fresh produce market.

China because of changes in the mainland's distribution system. Prices of Chinese silk and angora went up last month 35 percent and 20 percent, respectively, because China's garment sector is consuming more of the country's raw materials domestically.

Washington's country-of-origin rules will hit the industry most directly. Unless they are altered, knitwear producers will have no choice but to bring their basic knitting operations back from the mainland, where labor costs are less than a third of the level in Hong Kong.

This would be expensive, since the machinery required would almost certainly have to be automated in order to avoid prohibitive wage bills. One small knitwear

company announced in October that it was being forced out of business as a result of the new requirements on origin.

Many larger companies are prepared to make new investments. Laws Fashion Knitwear, for instance, plans simply to reverse its production process — moving its knitting operations to Hong Kong and its finishing and assembly plant to China's Guangdong province.

"It's daft, and it's not very efficient," said Lawrence Mills, chief executive at Laws. "But if we have to, we'll do it the daft way." Laws exported \$40 million worth of mid-range knitwear last year, almost all of it to the United States.

Hong Kong officials, with sup-

Growing Private Bank Network

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service that delivers a whole range of products" defined by the customer's needs.

One item is funds management. About \$10 billion of assets of what bankers call "high net-worth individuals" (in everyday language, rich people) are estimated to be in the care of the territory's private bankers, although less than 15 percent of this is thought to arise from Hong Kong residents.

Wardley Ltd., the merchant banking subsidiary of the Hong Kong Bank and its competitor in the business, is widely tagged by other contenders as having the greatest share of this activity.

Guestimates of how much that might otherwise be managed in Hong Kong flows out of or through the territory into the stewardship of Swiss banks are hard to come by, though the figure of \$10 billion is bandied about here, too.

Whatever the total, bankers agree the private client business is growing by leaps and bounds, outpacing even the rapid economic growth that put Asia-Pacific nations at the focus of much world attention in the last decade.

Pressed on just how fast the growth is, John Quinn, senior investment manager and a director of Chase Manhattan Trust Co. (Hong Kong), suggested that the overall volume of private banking business available from the region could double to triple in the next five years.

Like his counterparts at other institutions, Mr. Quinn, emphasized that growth in the sector was characterized by diversification, with the products it offers stretching far beyond funds management. These changes he sees as being fashioned by the rapidly altering structure of both the local and global marketplaces.

"Right now," he said, "the markets are freeing up and there is room for institutions to do the business without jostling each other's elbows. But to be a significant player in this market, an institution would certainly have to be established here within the next two to three years."

Even then, a newcomer would find itself competing not only with local giants such as Hong Kong Bank and Wardley (both of which offer worldwide services) but with big overseas participants including Bank of America, Citibank, Chemical Bank and Merrill Lynch, whose private client list in Hong Kong and the Asia-Pacific region is lengthening.

The lists are mainly of individuals with movable net assets of \$500,000 and up who lack the time or knowledge of the constantly changing opportunities in international capital, currency, commodity, real estate and other markets — to manage their assets to maximum efficiency.

But wealth and a desire to keep their business dealings confidential are just about the only things the clients have in common.

One, for example, might want to order the handling of his estate after his death. This alone would

mark him out as a fairly sophisticated client, since discussion of death is virtually taboo in the East, where it is generally thought to hasten the event.

Another might want advice on how to structure an overseas joint venture, bearing in mind tax and other requirements in his home country and the foreign jurisdiction.

A minority of the clients are domiciled in countries with exchange control and must obtain official permission for overseas investments except where the funds for such investments arise out of the activities of already established foreign subsidiaries.

One of Hong Kong's advantages as a private banking center is that it has neither exchange control regulations nor capital gains tax.

Private bankers and other investment managers must, however, pay an 18.5-percent profits tax on their net earnings. The products they offer must thus be designed to take into account this expense and the generally slim margins on which they operate.

Depending on the depth and diversity of the service required, customers pay private banks 0.5 percent to 1 percent of the value of the assets they place under the institution's management.

At the top end of the fee scale are services embracing the whole range from tax planning to the establishment of trust companies.

At the bottom is deposit management. Here the banks act as fiduciary agent by shopping around for the best available interest rate and, when the deposit matures, either "rolling it over" — renewing it — at the same institution or placing it elsewhere.

Even this is not as simple as it might at first sight appear. Not least of the complexities is, as John Mansfield of Wardley stressed, that "a fiduciary service which places a deposit within the same (institutional) group as the fiduciary agent is a nonsense, a conflict of interest."

The conflict arises because the agent is either placing the funds in-house regardless of the interest rate, and hence doing the customer a disservice, or he is cajoling his

institution into paying a rate above what it would pay for the same volume and maturity of money in the interbank market, and hence driving up the bank's cost of funds.

That the direct harvesting of big customer deposits is a vital element in private banking is agreed on by all its practitioners.

Indeed, the desire to attract such funds provided the spur for many U.S.-based banks to refocus on the sector during the late 1970s and early 1980s. It was then that the combined effects of inflation and competition from a variety of new financial instruments in the world's ever more interdependent capital markets made banks think again about the composition and cost of their deposit base.

As a result, services that had been available free, even to customers who regularly drained their accounts of every inflowing cent, were sharply curtailed. In their place came fee-charging services for the rich, a move that brought commercial banks firmly back into a field that investment houses had been increasingly taking possession of.

The ripples have been worldwide, but nowhere felt more deeply than in the Asia-Pacific region, of which Hong Kong is the financial services heart. The Hong Kong Bank has a program of "gap analysis" to identify products that private banking clients may want and are not getting.

Wardley is about to start a service that goes beyond the confines of the typical funds management schemes — under which accounts are handled on a "discretionary" or "advisory" basis — by allowing clients to "make all the decisions and we do the rest." The leader in funds management for the rich, Wardley has a department offering mutual funds and other investment products to those who have yet to reach that exalted class. In this sector, too, competition is fierce: in 1970 the handful of mutual funds authorized for sale in Hong Kong had assets of just under \$20 million.

Now there are 120 funds (with a further 20 awaiting approval by the territory's Securities Commission) managing assets of about \$10 billion.

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The Economy: Colony Keeping Its Eyes on China

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but in imports and re-exports as well.

As a market for Hong Kong's goods, China increased its purchases 81 percent in the first eight months of 1984 over the corresponding period in 1983. Demand from China for Hong Kong textile products rose more than 100 percent in the half year. It is almost unmanly to see to what degree Hong Kong's economic growth increased in China's direction in the same year its political future was sewn up by Beijing.

Stockbrokers report a similar phenomenon as buying turns selective, favoring blue chips or China-related industrials. The market's reaction to the agreement itself was markedly lackluster, since astute money had re-entered the local market following Sir Geoffrey Howe's preview of the agreement at a news conference in Hong Kong in late July. So efficiently had the market discounted the good news in advance of the agreement's Sept. 26 initialing in Beijing that the Hang Seng index actually dropped

immediately afterward as profit-taking set in.

Since the agreement, the market has seceded, at times dampened by poor company results and continuing skepticism about oversupply in the property sector, which dominates about 60 percent of the Hang Seng's listings. Contrary to expectations, the agreement has not triggered a flood of investor money back into the Hong Kong stock market. "We're only seeing vigor trade and investment opportunities both at home and abroad."

A closer look at returning funds, however, points to the recurrent theme of the importance of China. What capital investment has arrived recently has been dominated by Japanese and U.S. companies and banks poised for exploiting growth in China's markets.

Hong Kong needs investment in research and development, as well as in construction of production facilities. Instead, capital investment tends toward the short-term variety. In his mid-year address, the financial secretary forecast growth of 17 percent in real terms in private expenditure on plant,

machinery and equipment, fueled by the colony's need to retain its export competitiveness against Singapore, Taiwan and South Korea. On the negative side, he reported no growth at all this year for gross domestic fixed-capital formation and a 13-percent drop in growth in private building and construction as well as real-estate developers' margins.

Most worrying to many are the real and potential changes in the colony's low level of across-the-board taxation, which to date has attracted overseas investment. For the first time since 1975, the government sought to raise funds this year from public borrowing, bringing in 1 billion Hong Kong dollars to relieve some of the anticipated deficit of 3.6 billion dollars. However, Sir John also raised taxes from 15 to 17 percent on salaries, and from 16.5 to 18.5 percent on profits.

Now the draft agreement threatens to cut government revenues by stipulating that earnings from the lease of Crown land will be split, after the cost of land formation has been deducted, between

the current government and a bank account in trust to the "special administrative region" government of Hong Kong after 1997. Since the share of government revenues accounted for by premiums on leases and land sales has ranged from 10 to 30 percent over the last decade, some money will need to come from another source over the next 13 years to replace the amount set aside for the post-1997 administration.

According to Patrick Paul, a tax partner of Price Waterhouse, perhaps as little as 5 percent of government revenue will now come from land sales and premiums. He added that "the 20-percent profit tax rate is probably not far away."

Speaking Oct. 24 in the Legislative Council, unofficial member and area general manager for the Chartered Bank, Bill Brown, recommended that if new taxation was necessary, it should be introduced in the form of indirect rather than direct taxation. For businessmen in Hong Kong, this could be the first of many permanent changes in the territory's nature posing a real challenge for the future.

— DINAH LEE

After the U.K.-Beijing Pact: Relief and Resignation

(Continued From Previous Page)

that it has heard Hong Kong's views. Whitehall recently reversed an earlier position, promising now to destroy the names of everyone submitting a comment once the views have been put together for presentation to the British Parliament. This removed the general fear that somehow the Chinese Communists would one day punish critics of the 1997 pact, but it did not appreciably improve the meagre input. Underlying the listless public response is the realization that the agreement will probably be ratified, regardless of any local protest.

This dilemma was raised most recently Oct. 22 by a former Hong Kong director of home affairs, John Walden, in conversation with Sir Geoffrey in a BBC World Service broadcast. Sir Geoffrey had firmly ruled out any possibility that the draft agreement could be

amended in response to strong local opposition to any particular part of the drafted document.

Mr. Walden called the foreign secretary's policy "absurd" and "unacceptable." He added that such a line ruled out a sincere response from the broad public. "If people think that anything they are going to say, particularly if it is against the agreement, is going to be ignored anyway, why should they stick their necks out?"

Already, the direction of Hong Kong's political energies seems to have shifted away from discussion of the pact awaiting ratification to more fertile ground, such as the drafting by the Communists of a Basic Law for Hong Kong to be incorporated into the Chinese body of law.

As with the Chinese-British talks, the Hong Kong people have been denied direct participation in the drafting of the Basic Law, much to their frustration.

Many sense that the Basic Law, yet to be announced, will be far more important in determining Hong Kong's real future than the accord with Britain, since under the joint declaration any Hong Kong law that contravenes the Basic Law will have to go. In theory, this requirement could be employed by China's future leaders to determine all aspects of Hong Kong life, especially if changes are introduced incrementally by Beijing. Under the terms of the draft agreement, there would be no recourse for the people of Hong Kong.

While the Chinese are busy drafting the Basic Law, the British, too, have tasks ahead of them. A group paper introducing a broader system of indirect elections is only weeks away from being polished into a white paper in its preliminary form. The paper proposes that indirect elections to the Legislative Council (now an appointed body)

be gradually introduced, and that in 1988 the question of direct elections be publicly reviewed. Sources in the government say there has been enough public response in support of considering direct elections sooner than 1988 that the date might be moved up.

However, the success of firmly planting true representative government on Hong Kong soil before 1997 depends on speedy education of the local population in the principles or advantages of an elective over a colonial or a socialist system. There has been frequent discussion at community meetings and in the local press of whether direct elections guarantee greater accountability in public officials or could threaten Hong Kong with instability.

At the heart of Hong Kong's future lies the central question of its ability to govern itself in such a way that it can truly continue its

role in the international economy, and its success in warding off attempts at interference by Communist elements, be they from Beijing, neighboring Guangdong or within Hong Kong itself. Local leaders have been late in assuming the uncomfortable burden of challenging either British or Chinese dictat. The eventual application of the white paper on representative government may prove a feeble exercise, lacking conviction from the departing British as well as from an uncomprehending Chinese population.

The chairman of a local district committee, Lawrence Lam Yin-Ming, said: "Most of our people have yet to come to grips with the basic realization that democracy is a political system that cannot be given from without, but must be cultivated from within — in the hearts and minds of the people — if it is to ever work properly."

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Nationality and Defense Are Top Issues As Residents Scrutinize Chinese Treaty

ALTHOUGH the Chinese-British draft agreement on the future of Hong Kong is a more detailed document than anyone in the colony expected, it does not answer many questions still of concern to the 5.6 million people who must live with its consequences. Since the initialing of the draft Sept. 26 in Beijing, the people of Hong Kong, usually politically apathetic, have surprised the local government with their interest in the document itself. More than three million copies of the agreement printed in Chinese and English were collected from local government offices throughout the territory in only one month.

Initial relief that an agreement was reached has now given way to a careful scrutiny of the fine print. The result has been a fairly steady flow of questioning through the local media on issues left unresolved by the negotiating teams.

Two subjects that have popped up most often are nationality and defense. Others are election guarantees, possible tax hikes and a need for more specific assurances that press and religious freedoms will be maintained.

Nationality was one of the last issues to be tackled by the negotiators, and the resulting compromise has all the hallmarks of a rush job. A diplomat close to the talks conceded that this was the one area of the accord where the solution "was less than satisfactory in all respects." The fact that the question of nationality was tackled on the end of the draft in an exchange of memorandums between the Chinese and British governments, and not included in the body of the

draft, led many to believe that the teams simply agreed to disagree. A local legislator, Maria Tani, went on record as saying that the nationality memorandums were less binding than the agreement awaiting ratification by the British Parliament in December.

About half of Hong Kong's people hold British Dependent Territory Citizenship, or BDTC, while the others carry Hong Kong identification cards. Since China does not allow dual citizenship and regards all Chinese born in Hong Kong as citizens of China, and since Hong Kong will cease to be a dependent territory of Britain after 1997, all Britain can offer Hong Kong Chinese is a noncitizenship passport conferring on former BDTCs British consular privileges and travel documents for use overseas. Their children will not inherit this link with Britain.

The contradiction between China's nationality law based on bloodlines and the British definition of nationality based on law leaves in question the future of non-Chinese permanent residents born in Hong Kong after 1997. If they do not, for one reason or another, inherit the nationality of a parent, they will be threatened with statelessness. The secretary for security, David Jeffries, said in mid-October that the British government would make a provision for stateless children to acquire British nationality at birth. But this would require an amendment to the British Nationality Act to be passed by Parliament. Despite the sincerity of British assurances, they are not counted on by Hong

Kong's people who have seen BDTC's status in Britain progressively downgraded since 1964, when Parliament removed any right of residence in Britain from Hong Kong British citizens.

Should the special amendment to the act be passed, it would, ironically, give the nationality status most desired by residents of the former colony to those few newborns unfortunately caught in a legal loophole.

Another question the draft leaves open is what happens to any Hong Kong Chinese who wishes to decline Chinese nationality under Beijing's sovereignty and prefers instead to simply carry the identity card and travel documents of the special administrative region, or SAR. Special Administrative Region.

Furthermore, the draft ignores the problem of protecting Hong Kong people who have worked in sensitive government posts once Beijing assumes control. The British government has separately confirmed that it may employ a clause in the British Nationality Act of 1981 to allow such people the right of abode in Britain that is generally denied to holders of BDTCs. Apparently London is quietly reviewing which Crown servants from Hong Kong should be offered sanctuary, but no one knows how many or at what level of service. It is understood that the safety net will be a small one, given British public sentiment on immigration. Finally, there are no guarantees to those receiving the new travel documents, be they issued by the SAR or British government, that

the new papers will be treated by third countries with the same respect accorded full passports of sovereign countries. The director of the Hong Kong Chamber of Commerce, Jimmy MacGregor, recently underlined the importance of easy mobility for business travelers from Hong Kong, where growth is totally reliant on trade with other countries.

Details relating to defense are also highly conspicuous by their absence. The section of the draft agreement dealing with military matters is seven lines long, by far the shortest in the 46-page document. There is no clarification of whether conscription into the armed services, either to China's People's Liberation Army or an SAR, forces would be introduced after 1997. Conscription was introduced to the territory in the early 1950s but abolished in 1961.

The draft agreement makes it clear that China will be responsible for military matters and that troops stationed by Beijing in Hong Kong will not interfere in internal affairs of the SAR. It does not clarify where these troops will be sent or when, though the inevitability of their arrival has been confirmed many times by Communist officials, including China's paramount leader, Deng Xiaoping.

The draft agreement does not contain any guarantee that Chinese soldiers will be subject to local laws while stationed in Hong Kong. Nor is there a clear-cut explanation of the fate of Hong Kong Chinese soldiers now in the British services (Continued on Next Page)



AT THE BORDER — A lone jeep patrols section of the Hong Kong-China border at Deep Bay, where the Shum-chin River divides the two territories. The adjoining

marshes form an important bird sanctuary and water transport is a traditional way of life for local inhabitants, who are used to buying and selling their wares through the fence.

Trade Barriers Hinder Textile Industry

(Continued from Previous Page)

port from China, the European Community countries and other producing nations, have been opposing the U.S. rules in multilateral trade talks in Geneva and bilateral consultations in Washington.

Most executives and government officials hope that, if President Ronald Reagan is re-elected, he will alter the regulations to exclude hitherto legal production practices. Although introduced on Sept. 7, the new regulations came fully into effect only last week.

The United States has so far

made only a minor concession — exempting items made of fibers not covered by the MFA. United States officials have already stopped three shipments of Hong Kong knitwear.

Mr. Reagan's stated intention in introducing the criteria was to keep producing countries from circumventing export quotas by transshipping products through unrestricted countries. But it is widely recognized that the president has also faced strong election-year pressure from the U.S. textile lobby.

Whatever the outcome of this dispute, it has clearly demonstrated

Hong Kong's growing dependence on China's labor supply. Many manufacturers maintain that Hong Kong could not furnish even a fraction of the 50,000 to 60,000 Chinese workers producing knitted panels for export to Hong Kong.

A number of executives responded to the new rules by proposing that they be permitted to bring mainland workers into Hong Kong daily.

Hong Kong administrators rejected this proposal in October. But senior government officials ac-

knowledgeed recently that the territory's shortage of labor could develop into a constraint on economic expansion.

In the longer term, dependence on China is likely to increase, as ties between Hong Kong and Guangdong are further developed.

There are some indications, in fact, that China expects eventually to inherit much of Hong Kong's industry — including the textile sector — thus leaving the territory to thrive as a port and a center for services and banking.

— IAN FINDLAY

Expansion of Hotel Sector Supports Widening Appeal to International Tourism

THE LEISURELY days of old Hong Kong have passed. But the territory, where tourists spend about \$1.4 billion a year, remains an exotic destination.

No longer does Kai Tak Airport close at 6 P.M. or the stately Peninsula Hotel's lobby pass as the major social watering hole in the colony, and the old Chinese Luk Kwok hotel has lost much of its charm since it stopped its jazz sessions some years ago.

In the last 25 years the colony has moved from a sleepy backwater, where hotel accommodation was talked of as "lodgings," to an international hotel center. Since the 1960s Hong Kong has witnessed a remarkable growth in ho-

tel construction. Nathan Road and Tsimstai East, on the Kowloon peninsula, are now home of steel-and-glass skyscraper hotels. Causeway Bay, once most famous for its floating population of fishermen, joined the international hotel set when it was developed after the cross-harbor tunnel opened in 1972. In all locations, the glittering array of jewelry shops and department stores have followed the hotel building boom.

As the tourist boom continues, there is general mounting pressure on Hong Kong to increase its number of hotel rooms. There are some who disagree with this, however. "I think we have sufficient rooms except for the very busy months of October and November," says Ma-

nuel Woon, executive director of the Hong Kong hotels association, which represents 43 of the major hotels in the colony. But Urs Aeby, the Swiss general manager of the Peninsula hotel said that the industry cannot cope comfortably with the demand. "Two thousand more rooms would take care of the problem," he said.

No matter what the qualms may be on the question of expansion, the present 18,000 rooms now enjoy a 90-percent occupancy rate.

The six new hotels planned for construction between now and 1986 will not only help Hong Kong but will also directly affect the occupancy rates and tourist trade of both Macau and southern China as it continues to open up.

"Nineteen-eighty-five, I believe, will be a good year," Mr. Aeby said. "But that is because of the strong U.S. dollar. We will then have to wait and see. If the U.S. dollar tumbles, then there will be serious problems."

Problems or not, large foreign hotel chains are still eager to set up in Hong Kong to capture a part of the growing tourist trade in Southeast Asia. Tourists from Australia and Southeast Asia are filling the gaps left by businessmen, and now during normally sluggish periods occupancy rates of 50 percent in the first-class hotels are common, with 1.7 million visitors in the first seven months of this year, an increase of 13.6 percent over the same period last year. Such hotel

chains as Marriott and Ramada, the Toronto-based Four Seasons group and Japan's Tokyu are eager to set up Hong Kong bases.

The strong U.S. dollar has not been the only factor contributing to the recent tourist boom in Hong Kong. Travel agents, hotels, tourist agencies and associations all note that the attendant blaze of publicity surrounding the Chinese-British agreement on the future of the colony has had a great deal of influence on the trend.

There is the publicity that Hong Kong has been receiving. And the airlines have become much more realistic toward package tours," said Norman Hope of Audio Tours and travel of Hong Kong. "The U.S. dollar has more buying power,

and tourists are looking for quality more than they did a few years ago."

There is the tendency among tourists in Hong Kong to look for what they know well. But the sense of adventure has not disappeared with the fast growth that the colony has seen in recent years. There are still the shopping sprees that have become a ritual; there are still the traditional Chinese aspects to the colony that draw a solid tourist following.

Behind the chrome, glass and concrete of Hong Kong's urban sprawl there are new challenges awaiting the adventurous tourist, as well as a fresh sense of what Hong Kong is. The rural world of

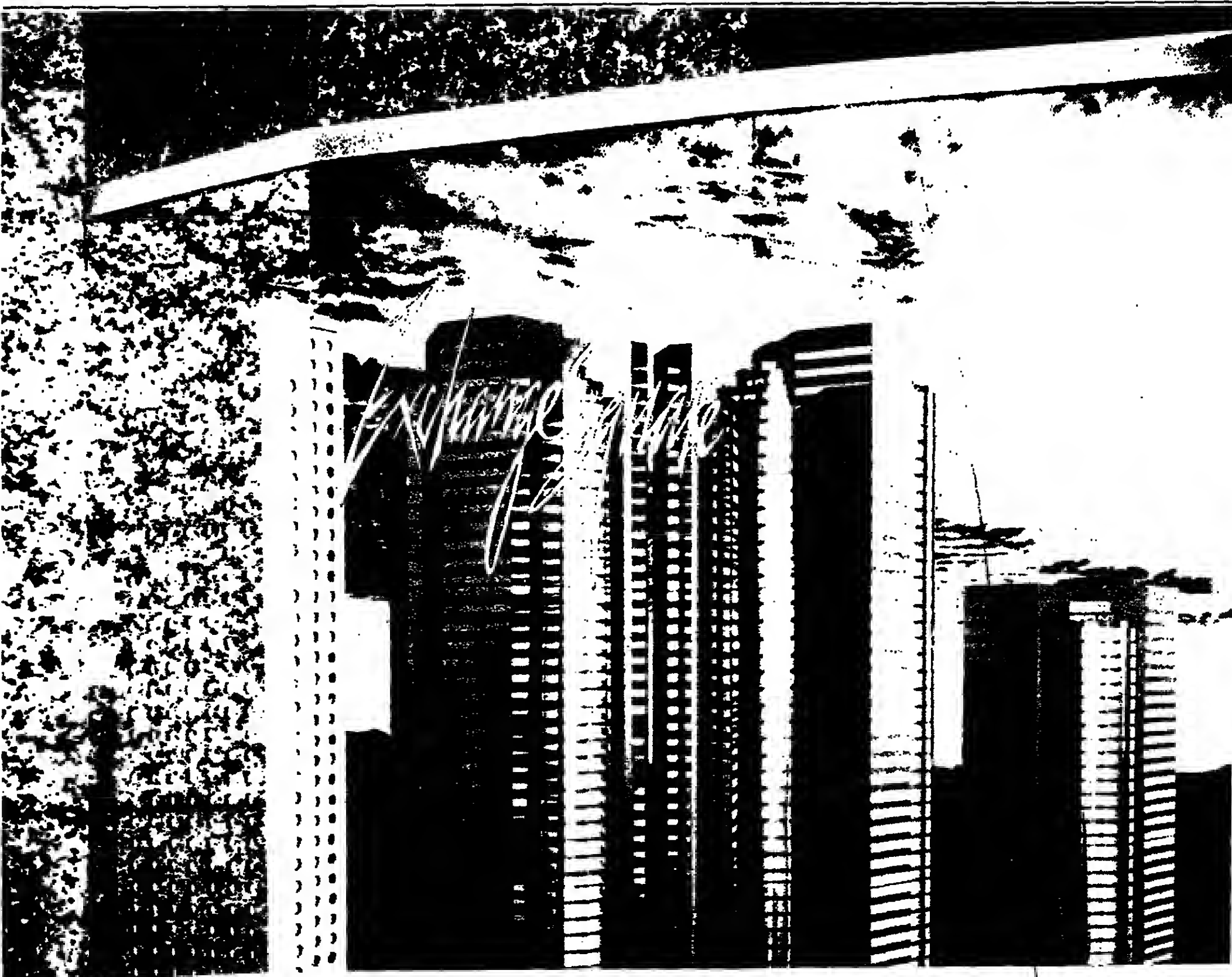
the new territories has been opened up by an interesting new Hong Kong Tourist Association tour, "the land between tour," which concentrates on getting the tourist away from the shopping malls and restaurants for a day. What thousands of tourists are now looking for, however, is something unusual.

Norman Hope, of Audio Tours and Travel, will arrange a complete Chinese festival for the inquisitive tour group. But if you want a more unusual holiday, then he will arrange a surprise pirate attack. For \$6,000 Mr. Hope's pirates will arrive in the dark and whisk away the female tourists. If that is not your liking then you can come and see the dragon boat races, visit an experimental farm or take wind-

surfing lessons on Cheung Chau and Lantau islands.

But perhaps the most spectacular addition to Hong Kong's tourist industry for 1984 is the recently renovated Ocean Park pleasure center. A \$60-million renovation has turned the park into a high-tech adventure-land for young and old alike. The Ocean Theater, Wave Cove, Atoll Reef and the Dragon roller coaster will test the nerve of any thrill seeker. The new look of the park is designed to appeal to the young and active who want both healthy entertainment and variety. For those who just want to take life easy, there are the numerous restaurants that crowd the streets of Hong Kong.

— IAN FINDLAY



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A SPECIAL REPORT ON HONG KONG

Electronics Industry Booming; Growth Expected to Continue

By David Boothroyd

ELECTRONICS is in many ways an ideal industry for Hong Kong: young, fast-moving and with enormous growth potential. Many electronic products can be made in small to medium-sized factories, a factor crucial in Hong Kong, where space can be more valuable than gold.

These are some reasons that electronics is the territory's fastest-growing industry, set to take over from textiles as its largest within a few years. The small size of many electronics companies also explains why they concentrate on the relatively simple jobs of assembling consumer electronic products and manufacturing of basic components.

Hong Kong is by far the world's largest producer of electronic watches. Portable radios, telephones, cassette players and computers are also made in huge numbers. Nobody can dispute the industry's success — last year exports of electronic products rose 39 percent to more than \$3 billion. Exports of telephones grew a whopping 537 percent last year, and those of computers 433 percent.

Hong Kong's manufacturers are renowned for their flexibility — changing from one product line to another in a matter of days — as well as their speed of delivery and their prices. What they are not known for is originality, innovation or research and development.

This lack is one reason some industrialists have been worried that the boom days could be short-lived. They point to Taiwan and South Korea, Hong Kong's two major competitors in electronics, both of which have industries heavily supported by their governments.

Taiwan's Electronic Research and Service Organization does fundamental research, manufactures critical parts such as silicon chips, and develops product prototypes for private industry to manufacture in volume.

Major Korean electronics companies such as Gold Star and Samsung are huge corporations with large research departments. The Seoul government also works closely with the country's major private firms.

So far, the lack of R&D in Hong Kong has made little difference. The territory's smaller companies are every bit as inventive in creating new cosmetic designs for their products as the South Koreans and the Taiwanese, and are fiercely price competitive.

Some point to the Asian electronics giant, Japan, as the example to follow. Japan planned the development of its electronics industry almost like a military campaign, with overall control coming from the government. But Hong Kong's electronics industry is unlikely to follow suit. A recent proposal that all exports should carry a small levy (0.03 percent) to raise funds for the establishment of an electronic technology development laboratory was rejected by the government.

One of the territory's leading figures, Bill Wylie, managing director of BSR, praised the decision.

"R&D, if it is to be successful, must be highly directional and any attempt to produce generalized R&D would be wasteful of resources and unfair for those companies who successfully plan, develop and fund their own market-driven research and engineering projects," he said.

Despite his rejection of the levy, Mr. Wylie said the government could do more to help the industry, by encouraging makers of high-quality components to come in Hong Kong. Irregular supply of parts, especially integrated circuits, is the most frequent complaint of the territory's manufacturers.

A new report on the industry from the stockbrokerage Vickers de Costa selected BSR as the company with the best mid-term prospects of all electronic companies. But the report is cautious about long-term predictions, mainly because of Hong Kong's weakness in R&D, marketing, distribution and after-sale service.

"Because of deficiencies in these areas, and despite their strength in production, Hong Kong electronic companies are very vulnerable to changes both in technology and in consumer demand. The industry thus has one of the highest rates of company failures," says the report.

Several companies have suffered in the last year, not least Conic Investment, which had in write off more than \$27 million owed to it by companies controlled by its former chairman, Alex Au. An overextended management failed in cope with the consumer electronics boom of this year, Vickers de Costa claimed.

Conic, a maker of televisions, clock radios, watches and other consumer electronic products, is now controlled by a joint venture from China. While its problems this year have been exceptional, another major Hong Kong electronic company, Wong's Industrial, has suffered from a more conventional

problem — the volatility of the market.

Video games formed a major part of its sales, and that market has collapsed in the last year. Wong's had a close tie — now severed — with the U.S. company Atari, which was also hurt badly when the bottom fell out of video game sales.

Volatility is something Hong Kong and its people know well — this has been one of the territory's major characteristics during the last two years, while the 1997 agreement was being negotiated. The stock market has soared and slumped, and predictions about the future of the electronics industry have been similarly variable.

A recent report produced for the government claimed that, although companies were efficient and flexible, they did not have the necessary resources "to perceive market needs and execute product development themselves."

Vickers de Costa's report concluded: "The industry today is at a crossroads, with one fork leading to a dead end." While short-term prospects were bright, it said, in the long term the industry could find itself in a cul-de-sac of a relatively limited product range offering poor profits.

Mr. Wylie also predicted a gloomy future if Hong Kong companies merely copied products developed in the West and then tried to market them under their own brand names.

"One has only to look at the... advertising budgets set up by companies such as Apple and IBM to advertise their personal computers and launch new models in see why this is so," he said.

Apart from a lack of original development, the other factor of great significance to Hong Kong electronics, as to so much else in the territory, is China. The cheapness of Chinese labor is persuading manufacturers in Hong Kong to assemble goods over the border, then test them and ship them from Hong Kong. Most production work is simple assembly, so China's huge pool of cheap labor, only 50 miles or so away, is likely to capture a considerable amount of the manufacturing work from Hong Kong over the next decade.

But at the same time, as the Chinese market develops, Hong Kong will be of increasing importance as a gateway to the largest potential market of all. Its electronic industry may not make as many products, but it may do equally well supplying sophisticated services such as testing and quality control.

Urban Council Inspires a Renewal of Hong Kong Arts Scene

By Ian Findlay

THE NOTION that Hong Kong is a cultural desert is gradually being erased. Though many people in the British colony, both Chinese and expatriate, still cling to this view, there has been a small "cultural revolution" going on during the last few years, and now in theater, cinema, dance, music and the visual arts there are productions as exciting as any in the region.

Much of the credit for this renaissance goes to the local government's Urban Council for some of its innovative policies. The council first sponsored the Hong Kong Arts Festival in 1973. It followed with sponsorship of the Festival of Asian Arts in 1976 and the Hong Kong International Film Festival in 1977.

This international approach to culture in Hong Kong has not overshadowed what goes on locally throughout the year. The council has formed theater companies, dance and ballet groups and a Chinese orchestra, and built a new cultural complex in Kowloon.

It is not only the Urban Council that has developed a serious attitude toward sponsorship of the arts. The Hong Kong government has also invested heavily in the arts in the last decade, particularly in theater, ballet and music. The council and government's combined budgets for the arts total almost \$25 million.

"I think that the government has done a lot for the growth of the arts, but for very specific reasons," said Benny Chia, manager of the Hong Kong Fringe Club. "Their interest stems from the riots of 1967 and after. The government felt that young people should have something to do."

The Fringe Club and many small independent theater groups and dance companies have allowed the Chinese, who make up 98 percent of the population, to explore their artistic and cultural roots. But the people at the forefront of the renaissance are for the most part those who have studied abroad and returned with a broader cultural perspective. For instance, Ann Hui, director of the highly acclaimed and award-winning film "Boat People," studied

cinema in Britain, and the artist Josh Hon studied in the United States.

The visual arts in Hong Kong are the poor relation to other art forms. There is no college of art and no permanent art museum where Hong Kong's valuable public and private collections can be shown. Those who work in the visual arts, unless invited by bodies such as the art center or private groups, have to pay large sums of money to exhibit their work. Those who can escape the traditional teaching methods of the two Hong Kong universities do so, but few return to help local artists reach an international audience.

Dance, like the visual arts, has a small but appreciative audience. The Hong Kong Ballet Company and modern dance companies are faced with serious problems in recruiting. There is little available for training, a lack of knowledge of modern and classical techniques, and a shortage of good choreographers who could add style to local productions.

The strongest art forms in Hong Kong are the cinema — by far the most prolific and popular — and the theater. It is within these formats that Hong Kong people have most successfully explored their roots and cultural identity.

Anna Hui and Allen Fong are the two most outstanding new directors in Hong Kong cinema. They have dared to go against the purely commercial instincts of Hong Kong's film studios. That they have succeeded with such work as "Boat People" and "Ah Ying" surprised many people in the film industry. As yet, however, there is little in Hong Kong cinema that goes to the root of people's fears and anxieties about the future and the colony's relationship with China. Government officials would not allow political criticism of China; the government sees to it that its relationship with China is kept in balance by banning Taiwanese films that show China in a bad light.

Of the 40 or so theater companies in Hong Kong, the professional Chung Ying company and the Hong Kong Repertory Theatre are the most polished. The many amateur companies and experimental groups, such as the Seals Theater Company, Mask Theater and Zuni Icosahedron

offer a wide variety of theatrical experience and innovation.

While many groups give performances of the classics, from Ibsen to Shakespeare, the Chung Ying Theater Company is trying to reach the community more directly. Bernard Goss, artistic director of the company, said he felt that the challenges in Hong Kong theater far outweighed the problems. "I want to develop Hong Kong talent," he said. "I want to develop a company that goes into the community and gives quality."

Mr. Goss said he wanted fewer visiting actors and directors from abroad. There is, as he says, a lot of talent in Hong Kong waiting to be encouraged. He is developing workshops that will give young Chinese a change to show their ability. He also hopes to have the company completely bilingual by the time his contract runs out in two years.

The problems in developing a strong cultural base in Hong Kong have been immense. There is little attention to developing the arts through education. There is more than enough money through government and private sponsorship to develop a more culturally sophisticated public. But there are problems here as well. "There is a tendency with the Urban Council to choose people who don't know and don't have experience in the arts," said a local critic who declined to be named. If quality is to improve, the critic said, the Urban Council "has to get a lot more professional about the business."

The Hong Kong Arts Festival has perhaps done more to bring a broad range of high-quality artistic performances to the territory than any other event. Critics feel, however, that the territory is now inundated with festivals and that the arts administrators have tended to go for quantity rather than quality.

"The arts festival is not designed to bring tourists to Hong Kong. It is designed for the people of Hong Kong," said Keith Stadium, director of the festival. Mr. Stadium said he would like to see more emphasis placed on developing local talent rather than importing foreigners to fill the gaps.

As East Meets West, Designers Attain World Status

By Winsome Lane

THE POSITION of Hong Kong at the crossroads of Eastern and Western cultures, where the flow of world trade streams toward the open doors of China make it particularly exciting as a center of divergent influences on the fashion scene.

The young designers of Hong Kong, who are making their mark in the world with innovative designs based on Chinese traditional clothes, are now selling more to the outside world with boutiques in such stores as Saks Fifth Avenue and Bergdorf Goodman of New York and Harrods of London.

But Hong Kong is also the place where the top couturiers of Paris, the United States and Italy sell their clothes at lower prices than in their own country.

Dior, Hermès, Gucci, Lanvin and Chanel all have one or more boutiques here where their prêt-à-porter numbers are snapped up by the rich Chinese residents as well as

discerning shoppers from all over the world.

Hong Kong women are avid collectors of jewelry, and the jewelry

mick for its Hong Kong boutique, and sold it within a few weeks.

"This is the best place in the world to buy fur coats," said a

some of the finest pieces from the Paris workrooms of Cartier brought a collection here recently worth more than \$20 million.

The top couturiers of Paris, the United States and Italy sell their clothes in Hong Kong at lower prices than in their own country.

of Cartier, Van Cleef and Arpels and Buccellati sell better here than in many other capital cities.

Brenda Chau, an attorney who married into a rich banking family and who is internationally known for her two Rolls-Royces, one gold-plated, the other in shocking pink, has, in addition to a shocking-pink floor-length mink to match the Rolls, a ball gown entirely encrusted with precious stones.

A boutique in Hong Kong is now almost a necessity for the world's top designers, and despite some misgiving over Hong Kong's future the market for fine clothes, handbags that sell at prices beginning in the \$1,000 range and fabulous jewelry is still brisk here.

Last year, Dior brought a \$200,000 lynx coat as a sales gim-

mink rancher, Roo Gengel, president of the Emba Mink Breeders Association.

Mink from China, on the Hong Kong market, matches the finest skins from the breeders of North America and Scandinavia.

Mr. Gengel said that while Hong Kong workmanship and finishing are now only slightly behind the rest of the world, the prices are less than a quarter of the cost of buying a mink coat made up in the United States or Europe.

The cheapest mink coats in the world can be bought here, from mink bred in China. But several top breeders said that China has been in such a hurry to expand its mink industry that quality has been sacrificed.

While he was in Hong Kong, a \$6-million sapphire and diamond necklace was sold together with a number of other choice pieces.

"There are still many very rich people living in Hong Kong, but now with the knowledge that China will be taking over in 1997 many of them are contemplating living elsewhere," he said. "Because of this they are buying more jewelry, which they view as an investment. We know it is always worthwhile to bring such a collection of jewelry to Hong Kong. We also know that many people come to Hong Kong from other parts of Asia to buy luxury goods, partly because they are tax-free here and partly because this is a sort of shop window for Asia — they know the world's top luxury goods can be found here."

Neither exhibition was given any advance publicity — former clients and a few carefully selected people were notified in advance.

While Dior has recently opened a second boutique here and other top French designers are planning second and third boutiques, the recently retired international director of Dior, M. Jacques Rousselle, said: "Hong Kong is unique as a market place for the world, and although other industries are slumping here the luxury clothes and jewelry businesses continue to boom."

"Hong Kong is still a place where people will pay the earth for a status symbol."

Retailing, Containerisation, Trading and a patient, long-term approach to China...

Hutchison has prospered in difficult economic times by doing well what we know best



Hong Kong has shaken off the uncertainty of world recession and exports, once again, are on the increase. Over the past two years we've actively participated in this growth. For example, we handled over 43 percent of Hong Kong's container traffic through our container terminal at Kwai Chung.

Retailing & trading

Meanwhile, many Hong Kong consumers wanted an alternative to traditional family stores and street-markets. Hutchison's A.S. Watson Division was positioned to accommodate. The Park'n Shop supermarket chain is now the largest in Hong Kong. Watson's retail chain (chemist and personal products) is also the largest of its kind with 30 outlets.

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31st December, 1983 of HK\$1.17 billion?

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Hutchison
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We're more than just managing in Hong Kong

Treaty Concerns: Nationality, Defense

(Continued From Previous Page)

once the British garrison is withdrawn from Hong Kong in 1997.

The draft accord is also silent on the future of the Chung Hom Kok communications center, which houses British intelligence-gathering operations linked with General Communications Headquarters in Cheltenham in Britain. What is clear is that Beijing will not let the British spy operations continue on their present scale. One suggestion that has been made is that the

cavesdropping center could be moved inside the future British consulate-general once Hong Kong becomes an SAR, as are operations conducted by other nations from their local consulates. A second suggestion is that Britain request extraterritorial protection for Chung Hom Kok as part of the consulate.

A third murky topic referred to but not illuminated in the draft is the Basic Law for Hong Kong to be drafted separately by the Chinese for application by the SAR government after 1997.

Although the agreement does guarantee that the basic freedoms contained in it will also be stipulated in the basic law, it is still unclear whether Hong Kong people will be allowed any say in the Basic Law's drafting. Apparently, such a possibility was not even addressed during the negotiations, but it has, predictably, become a major concern to the local community.

Selina Chow, a member of the Legislative Council, summed up her concern in a debate on the draft

agreement in the council Oct. 16: "I am puzzled by Section II of Annex I, which states that Hong Kong laws shall be maintained save those that contravene the Basic Law. It further states that laws enacted by the legislature, which are in accordance with the Basic Law, shall be regarded as valid. Since the Basic Law is not yet drafted, we do not know as yet which of the Hong Kong laws might contravene the Basic Law."

"Although assurance is given under the joint declaration that basic policies outlined in the agreement will be stipulated in the Basic Law, Section II of Annex I, which is also part of the agreement, could be taken as an escape clause... It is, therefore, essential that there should be Hong Kong input in the drafting, a free hand for Hong Kong in its implementation and independence in its interpretation."

There is similar confusion over whether Hong Kong residents now holding nominal positions in Chinese political organizations are free under the new agreement to hold elected office in Hong Kong after 1997.

While the current government of Hong Kong has drafted a green paper proposing methods of extending indirect and direct elections to public office in the territory, the draft agreement with Beijing makes no guarantee that the system in 1997 will be preserved by the Chinese when they take over. It says only that the chief executive of the SAR will be appointed by Beijing on the basis of election results or local consultations. Hong Kong residents may well find that, after introducing direct elections to the Legislative Council (an option to a government green paper outlining proposals for wider representation of government), they lose direct franchise only a decade later under Communist rule.

Businessmen are also concerned about an obvious consequence of the land annex, which stipulates that from now on the Hong Kong government must split revenues from the sales of Crown leases with the future SAR government. The SAR's share will be held in a local bank account for its use after 1997. Since the government receives a substantial share of its income from lease sales, businessmen fear that tax increases to make up for the shortfall are inevitable. An American businessman said privately, "Significant tax increases for Hong Kong would be disastrous, since its low and equitable rate of taxation is a major attraction for investment."

— DINAH LEE



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For the Week Ending Nov. 2, 1984

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New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield at offer	Price end week	Terms
FLOATING RATE NOTES							
Commerzbank Overseas Finance	\$150	1989	1/4	100	—	99.80	Over 6-month Libor. Minimum coupon 5%. Callable at par in 1985. Fees 0.25%.
Commerzbank Overseas Finance	0.15	1988	—	\$29	—	\$32	Each lot of 5 warrants is exercisable at par into a \$5,000 note of company's noncallable 12 1/4% of 1991.
SNCF	\$75	1991	1/4	100	—	99.75	Over 6-month Libor. Minimum coupon 5%. Denominations \$100,000.
Sweden	\$500	1999	libid	99.28	—	99.30	Interest pegged to 6-month rate for Eurodollars. Minimum coupon 5 1/2%. Redeemable at par in 1989 and 1994. Sold by tender. Denominations \$100,000.
FIXED-COUPON							
Bank of Tokyo Holding	\$100	1992	12 1/4	100	12 1/4	99.13	Callable at 101 until 1990 as warrants are exercised. Payable Feb. 13, 1985.
Bank of Tokyo Holding	0.10	1990	—	\$35	—	\$36	Each warrant is exercisable at par into a \$1,000 note of company's noncallable 12 1/4% of 1992.
Chesapeake Power Finance	\$100	1993	12	99 1/2	12 1/4	98.13	First callable at 101 in 1991.
Crédit Suisse Finance	\$100	1992	11 1/4	100	11 1/4	98.50	Callable at 101 until 1990 and at par thereafter as warrants are exercised. Payable Feb. 13, 1985.
Crédit Suisse Finance	0.10	1992	—	\$36	—	\$35	Each warrant is exercisable at par into a \$1,000 note of company's noncallable 11 1/4% of 1992.
Denmark	\$250	1992	12 1/4	100 1/4	12 1/4	96.38	Callable at 101 until 1989 and at par thereafter as warrants are exercised. Payable Feb. 27, 1985.
Denmark	0.25	1992	—	\$40	—	\$46	Warrants are exercisable at par into company's noncallable 12 1/4% of 1992.
Den Norske Creditbank	\$75	1991	12 1/4	100 1/4	12 1/4	97.88	Callable at 100 1/4 in 1989, 20 1/4% payable on subscription and balance in May 1985.
Den Norske Creditbank	0.075	1989	—	\$35	—	\$46 1/2	Warrants are exercisable at par into company's noncallable 12 1/4% of 1991.
Finland	\$75	1994	12 1/4	99 1/2	12 1/4	98.50	Noncallable.
IBM Credit	\$100	1989	11	99 1/2	11 1/2	99	First callable at 101 in 1987.
Kimberly Clark	\$100	1994	12	100	12	98.88	Noncallable.
National Investment Bank Netherlands	\$50	1990	12	100	12	98.63	Callable at 101 until 1986, at 100 1/4 in 1987 and at par thereafter as warrants are exercised. Payable Feb. 5, 1985.
National Investment Bank Netherlands	0.05	1988	—	\$39	—	\$45	Warrants are exercisable at par into company's noncallable 12 1/4% of 1990.
Nomura (Europe)	\$100	1991	12 1/4	100	12 1/4	98.13	Callable at 101 until 1989 and at par thereafter as warrants are exercised.
Nomura (Europe)	0.10	1991	—	\$42	—	\$42	Warrants are exercisable at par into company's noncallable 12 1/4% of 1991.
Privatbanken	\$100	1995	12 1/4	106 1/4	—	103.33	Callable at 101 until 1990 and at par thereafter as warrants are exercised. If at least \$5 million worth of warrants are exercised, the balance of the \$5 million worth of warrants will be purchased. Payable Feb. 4, 1985. Also 100,000 warrants exercisable at par into company's noncallable 12 1/4% of 1995. Bonds ended the week at 97.63 and warrants at \$37.
Royal Bank Canada	\$100	1992	12 1/4	100	12 1/4	98.75	Callable at 101 as warrants are exercised, and at par in 1989. Payable Jan. 28, 1985.
Royal Bank of Canada	0.15	1989	—	\$31	—	\$48	Warrants are exercisable at par into company's noncallable 12 1/4% of 1992.
Royal Bank of Canada	0.050	1987	—	—	—	\$34	Each warrant is exercisable at 105 in a \$1,000 note of U.S. Treasury's 12 1/4% of 1989.
South Australia Financing Authority	\$95	1994	zero	32 1/2	11 1/2	—	Proceeds \$29 million.
Wells Fargo	\$100	1991	12 1/4	100	12 1/4	98.25	Callable at 101 until 1989, and at par thereafter as warrants are exercised.
Wells Fargo	0.10	1989	—	\$45	—	—	Warrants are exercisable at par into company's noncallable 12 1/4% of 1991.
Australia	DM 600	1996	7 1/4	99 1/2	7 1/2	—	Noncallable.
South African Transport Services	DM 100	1992	7 1/4	99 1/2	7 1/2	—	Noncallable.
TCPL Resources	C\$ 75	1989	12 1/4	100	12 1/4	98.25	Noncallable.
TCPL Resources	0.075	1989	—	C\$38	—	C\$36	Warrants are exercisable at par into company's noncallable 12 1/4% of 1994.
NMB Bank	DK 125	1989	7 1/4	99 1/2	7 1/2	—	Noncallable.
Woolworths New Zealand	NZ\$ 25	1991	16 1/4	100	16 1/4	—	Redeemable at par in 1989.
EQUITY-LINKED							
Hazama Gumi	\$50	1989	9 1/4	100	9 1/4	—	Noncallable. Each \$5,000 note with one warrant exercisable into \$5,000 worth of company's shares at 40 yen per share, a 2.17% premium. Exchange rate set at 247.50 yen per dollar.
Mitsubishi Metal	\$100	1989	open	open	—	—	Coupon indicated at 8%. Each \$5,000 bond with one warrant exercisable into \$5,000 worth of company's shares at an anticipated 20% premium. Terms to be set Nov. 13.
Star Manufacturing	\$50	1999	open	open	—	—	Noncallable coupon indicated at 3 1/4%. Convertible at an anticipated 5% premium. Terms to be set Nov. 8.
Vicom Int'l	\$50	1999	open	100	—	99.50	Coupon indicated at 7 1/4-8 1/4%. Callable at 106 in 1990. Convertible at an anticipated 16-20% premium. Terms to be set Nov. 8.

Rate Optimism Fuels Eurobond Trade

(Continued from Page 13) this, most traders say they refuse to make a market in these notes — meaning trading will be very difficult.

The orphan status of these notes is already evident in that the price they fetch is lower than that of similarly dated paper not subject to premature call.

It is worth noting, therefore, that of last week's issues, only Den Norske's \$75 million of 12 1/4-percent notes due in 1991 offered investors protection against premature call. The host issue is not callable for five years (which was standard practice until two weeks ago). Notwithstanding, the paper offered at 100 1/4 — ended the week at a discount of 2 1/2 points.

But underwriters had no reason to complain as the five-year warrants to buy 12 1/4-percent notes of 1991, offered at \$35 each, ended the week at \$42 bid and \$46 asked. Denmark twice increased its issue to a final amount of \$250 million (payable Feb. 27) and raised the offering price of its warrants from \$40 each (on the initial \$150-million offering) to \$42 1/2. But the 12 1/4-percent notes, priced at 100 1/4, ended the week at 96 1/2 bid, 98 1/4 asked, while the warrants ended at \$46.

Royal Bank of Canada sold \$100 million of 12 1/4-percent notes due in 1992 (payable Jan. 28) and five-year warrants at \$31 each to buy 12 1/4-percent notes of 1992. The warrants soared to \$30 before ending the week at \$35. In the interim, taking advantage of the appetite

for warrants, Royal sold options on \$50 million of U.S. Treasury 12 1/4-percent notes due in 1989.

The Treasury notes are part of part of the bank's own inventory. The warrants can be exercised at a price of 105 (the prevailing quote when the warrants were sold) and were sold at prices from \$32 to \$38 each. The price at the end of the week was \$34.

Privatbanken sought to sweeten the terms on its deal by offering 10-year warrants — the longest the market has seen so far. But its \$100-million of 12 1/4-percent host bonds (senior debt) ended the week at 97 1/2 while the warrants to buy 12 1/4-percent bonds of 1995 were quoted at \$57, a decline of almost 3 points for the package offered at 106 1/4.

Four non-warrant issues were marketed but three, with a face value of \$300 million, provided for delayed payment ranging from early December to mid-January.

The only so-called plain vanilla issue was a \$75-million, 10-year bond for Finland. The coupon was set at 12 1/4 percent and a discount subscription price of 99 1/2 raised the yield to investors to 12.34 percent. Payment for the bonds is Nov. 15.

IBM Credit, which sold \$100 million of five-year notes at 99 1/2 bearing a coupon of 11 percent, is payable on Dec. 3. The issue, sold almost exclusively in Switzerland, was noteworthy in that it demon-

strated that U.S. Treasury paper sold internationally is not the definitive benchmark for the Eurobond market that some analysts had thought it would be. The Treasury's four-year notes sold here earlier in the month carried a coupon of 11 1/4 percent.

In the Canadian dollar sector, Trans Canada Pipeline Resources sold 75 million dollars of 12 1/4-percent notes due in 1989 and warrants — the first for this sector — priced at 38 dollars, to buy 12 1/4-percent bonds due in 1994. The host issue is not callable.

Elsewhere, volume was light with only two new Deutsche mark issues ending the current calendar.

For what bankers call "rate hogs," investors attracted by high coupons, Woolworth of New Zealand offered 25 million dollars of 16 1/4-percent notes due in 1991. Anyone tempted by the high coupon should realize the New Zealand dollar is a candidate for devaluation.

Swedish Offering Sets a New Low

By Carl Gewirtz
International Herald Tribune
PARIS — Sweden set a new low in borrowing costs last week when it sold \$500 million of floating-rate notes on the international capital market.

The offering was underwritten by Morgan Guaranty, which then invited banks to bid for the paper. The high price of the accepted competitive bids was 99.35, the low was 99.25 and the average price was 99.28, or 72 basis points below par, Morgan said.

The notes have a life of 15 years, but investors have the option of redeeming at par after five or 10 years. Taking a worst-case assumption that the entire issue is retired after five years, the cost to Sweden works out to 1 1/2 basis points over the London interbank offered rate, the most widely used measure.

The actual interest rate on the notes is set at the London interbank bid rate, which normally is 1/2-point below Libor. To translate Sweden's cost to a Libor basis, bankers divide the discount, offering price of 72 basis points by five years. From the resulting 14 basis points is subtracted the 12 1/2 basis points difference between Libor and the London interbank bid rate, leaving a margin of 1 1/2 basis points over Libor.

If the notes are held outstanding for 10 years or to full maturity, the cost would be slightly higher than as disclosed, since fees were paid to Morgan's merchant bank-

ing unit for underwriting the deal and to Morgan's commercial bank for handling the bidding.

The roaring growth of the FRN market and the burgeoning Eurobond market amply demonstrate that institutional investors are eager for

SYNDICATED LOANS
opportunities to place their short-term cash surpluses at terms better than the banks offer for large deposits, Libor.

The success of the Swedish operation demonstrates how thin the difference can be shaved between the return on bank time deposits and marketable securities. The marketability itself is worth something since a penalty fee would be incurred for drawing on a deposit prior to the stated maturity. In addition, institutional investors are obviously also willing to give something up in return for the opportunity to diversify their holdings away from banks.

The terms on the FRN give some idea of what Sweden needs to pay to issue Eurobonds. Earlier this year, Sweden arranged a \$3-billion, 10-year line of credit against which it could offer three- or six-month negotiable securities. In theory, such notes have greater value than FRNs because the Eurobonds are redeemable at par at maturity (three or six months) whereas there is only expectation but no guarantee that an FRN could be redeemed at par at the six-month rollover

date when the new coupon level is set.

From a borrower's view, the choice between issuing Eurobonds or FRNs depends on its need for cash. If the object of the exercise is to raise and use a loan, then an FRN is the best tool since the cost of funds and the duration is relatively fixed. By contrast, there is no certainty that six-month Eurobonds could constantly be re-issued at favorable rates for five years.

But Eurobonds appeal to treasurers who need the flexibility of raising varying sums of money for different periods and also to borrowers whose credit standing requires more sophisticated analysis than is likely to be accorded in the FRN market.

Electrolux, for example, is currently organizing a \$75-million, six-year Eurobond facility which lead manager Merrill Lynch says will be used, "but by no means continuously." The Swedish company will offer notes of one-, two-, three- or six-month maturities and Merrill, as usual in its revolving underwriting facilities, will act as sole placing agent.

Banks providing a backup line of credit will earn an annual underwriting fee of 1/16 percent and stand ready, if the notes cannot be placed, to take the paper at a price of 10 basis points over Libor.

Turkey, which was the first major debtor forced to reschedule its debt and the first to emerge on a sounder footing, is currently sounding out bankers on terms for a seven-year loan of \$500 million. No doubt, this will be a classic syndicated bank credit but the government and the bankers are reported to be still quite far apart on appropriate terms.

Also haggling over terms is Algeria. Crédit Populaire d'Algérie and Banque d'Algérie de Développement are planning to jointly tap the market for \$500 million and want a large element of 1/2-point over Libor. Japanese banks, a source close to the deal reports, have telegraphed directly to the Algerians a willingness to lend at 1/4 while Mediterranean banks are insisting that such a thin margin for more than two years of the planned eight-year loan would find little support elsewhere.

The newly formed Kuwait-Tunisian Bank, carrying the guarantee of Tunisia, is seeking \$50 million for eight years, paying 1/2-point over Libor for the first five years and 3/4-point thereafter. Front-end fees total 1/4 percent.

In Asia, the Korea Exchange Bank is seeking bids on terms for a loan of around \$200 million.

Jobs Data Help Depress Price of Treasury Notes

By Michael Quint
New York Times Service
NEW YORK — Employment data showing the economy was stronger than expected in October

U.S. CREDIT MARKETS
contributed to a fall in prices of Treasury notes and bonds.

Traders also attributed much of Friday's drop to a willingness of market participants to lock in profits earned earlier in the week.

Moreover, in advance of this week's auctions of \$17.5 billion of new Treasury notes and bonds, securities dealers and other speculators were not eager to add to their existing holdings, analysts said.

Among outstanding issues, the 12 1/4-percent bonds due in 2014 were offered at about 108 1/2, down nearly 1/4 point, to yield 11.52 percent. The three-year Treasury notes to be auctioned Monday were of-

U.S. Consumer Rates

For Week Ended Nov. 2

Passbook Savings	5.30 %
Time Deposit Savings	5.30 %
Money Market Funds	10.11 %
Money Market Funds	9.82 %
Bank Money Market Accounts	9.56 %
Bank Rate Money Market	14.72 %

ferred on a when-issued basis at 11.08 percent, while the 10-year notes to be sold Wednesday were at 11.61 percent. The 30-year bonds to be sold Thursday were at 11.49 percent.

Prices of Treasury issues fell as much as 1/2 point early Friday, but recovered most of the early losses in late trading. The catalyst for the rebound, which left the Treasury note and bond market with modest losses of about 1/4 to 1/2 point, was a prediction of lower short-term interest rates by Henry Kaufman, chief economist at Salomon Brothers Inc.

In the latest issue of Comments on Credit, Mr. Kaufman forecast that the overnight rate for bank loans could drop to 9 1/2 percent, sometime after next week's meeting of Federal Reserve monetary policy officials. Although Mr. Kaufman's long-term forecast is for rising interest rates through next year, he said weak economic data and a decline in the money supply during October will lead Fed officials to "validate the current interest rate structure" and provide enough bank reserves so that the overnight Federal funds rate would fall from recent levels.

On Friday, the overnight rate averaged more than 10 percent, which contributed to slight increases in rates for other short-term securities.

Economists and market participants were baffled by the October employment data showing a much larger than expected increase in nonfarm payrolls of 421,000 workers. While large increases in the number of people employed usually suggest strong gains in other data such as industrial production and personal income, analysts noted that the new data also showed slight declines in the average hourly workweek — a development that usually suggests sluggish economic growth.

Analysts See Stock Rally

(Continued from Page 13) his portfolio for short-term cash investments.

"There are just too many cross-currents," he said. "The market is so volatile. It can go 50 to 70 points either way. I believe it will take further cuts in interest rates, so that money-market funds, for instance, will be less appealing, before the retail investor returns to the stock market."

Institutional investors are already fairly heavily invested, said Dudley Eppel, managing director in charge of trading for Donaldson, Lufkin & Jenrette. "If the market gets going, it will have to do so on its own," he said.

More trouble lies ahead before that happens, according to Steven Kroll, chief investment officer of Hulton Asset Management, which manages \$1.2 billion of mutual funds. "After the election, people are going to realize that corporate earnings estimates will continue to come down," he said. The market, he added, has not "discounted the earnings shortfall" that will result from a slight decrease in sales coupled with corporations' inability to raise prices in a noninflationary environment.

Nonetheless, the good news about interest rates outweighs that risk, says Robert Hill, executive vice president of Favia Hill Inc., the money management subsidiary of the Chemical Bank. "We view the current malaise in the market as a lag in appreciation of a decline in interest rates," he said.

"The stage is set for an enormous rally," said Robert Chamone, head trader at Wertheim & Co. "I think the market is going sky-high." With lower interest rates and the expectation for continued low inflation, "there's no negative on the horizon," he said.

BANQUE NATIONALE DE PARIS

Floating rate note issue of US \$250 million
January 1980/88

The rate of interest applicable for the three month period beginning October 31, 1984 and set by the reference agent is 10 1/2% annually.



Global Natural Resources Ltd

A Scheme of Arrangement dated 17th May 1983 providing, among other things, for the exchange of bearer shares of Global Natural Resources Limited, formerly Global Natural Resources PLC, a company organised under the laws of England (Global-UK), for registered shares of Global Natural Resources Inc., a company organised under the laws of the State of New Jersey, USA (Global-US), became effective in July 1983. Pursuant to the Scheme of Arrangement, the issued and outstanding shares of Global-UK have been cancelled. They entitle the holders only to obtain registered shares of Global-US in exchange for their bearer shares of Global-UK and have otherwise ceased to have effect.

Holders of shares of Global-UK will not be entitled to receive dividends or notice of meetings or be able to vote or otherwise participate in the affairs of Global-US unless and until their bearer shares of Global-UK and the Form of Application to receive registered shares of Global-US, legibly completed, are received by the Exchange Agent named below and the shares of Global-US are registered in the name of such holders. Accordingly holders of bearer shares of Global-UK are strongly urged to write to one of the addresses given below to obtain Forms of Application.

Forms of Application may be obtained from the following:

Exchange Agent:
Registrar and Transfer Company
Attn: Exchange Department, 10 Commerce Drive
Cranford, New Jersey 07016, USA
or from:
Global Natural Resources Inc.
5300 Memorial Drive, Suite 900
Houston, Texas 77007, USA
or from:
Hambros Bank Ltd
Attn: Stock Counter, 41 Bishopsgate
London, England EC2P 2AA

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1TH NOVEMBER, 1984

Richardson Savings & Loan Bank and Trust Company
Cayman Islands, West Indies (Incorporated)

12.75%
180 Day Eurodeposit amounts over \$100,000 U.S.

Richardson Savings & Loan Bank and Trust Company
12000 Park Central Drive, Suite 1500
Dallas, Texas 75241
Contact: Private Banking Dept.
Tel: (214) 582-2441 ext. 2346

Viking Resources International N.V.
N.A.V. as of 31-10-84 \$42.56

INFORMATION:
Pierion, Holding & Pionier N.V.,
Havenweg 214, Amsterdam.

Sales in					Net	Sales in					
100s	High	Low	Low	High	Price	100s	High	Low	Low	High	Price

American Exchange Options

For the Week Ending Nov. 2, 1984

[illegible]

Indonesia Says Quotas Are Only Ineffective

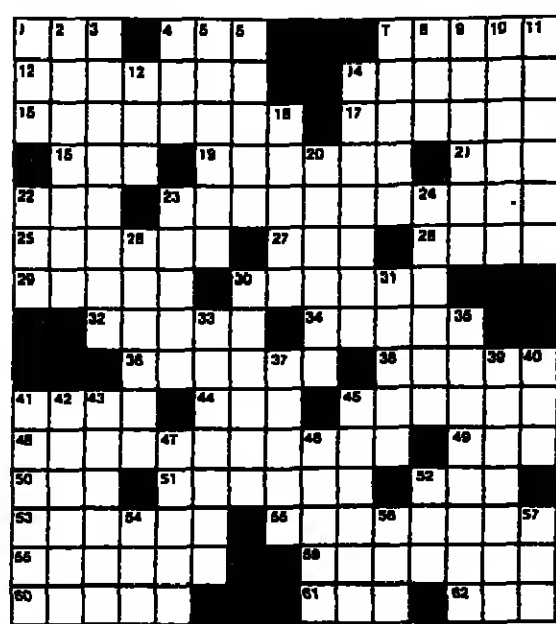
Reuters

RTA — International Tin Quotas are having little supporting effect, the world tin cartel's spokesman told Reuters. The director of Sudjatniko, a tin trading and processing company, PT Tambah Persero, said the market was sluggish because of high stocks, tin smuggling, and output by non-ITC countries. Releases by the United States stockpiles, the official news agency reported Saturday.

The company plans to stockpile tin in Batam Island rather than before export. Batam, on the west coast of Indonesia, is designated a special development economic zone by the government.

It is to become the company's activities, with ships being carried out there from Singapore as at Batam. Mr. Sudjatniko gave no date for the switch.

The moves were aimed at the government development of the tin industry. The company will also build a new oxygen plant there for its use and for other operations.



ACROSS

1 "dian," motto for Prince Charles
4 Viper
7 Game of strategy
12 Seminary
14 Bring to life
15 Makes over, as a house
17 Beat in a footrace
18 Type of fighter plane
19 Rules
21 F.D.R.
22 Jet-engine program
23 Hamilton's Broadway hit: 194
25 Mystery
27 Tu + tu
28 Home base, to von Braun
29 "Gloria," a doxology
30 Batch
32 Anarchist's matchmaker
34 Razor accessory
36 Like some grins
38 Preprandial prayer
41 Look over
44 Vegetable

DOWN

15 Fuel, to a Londoner
16 Kirkland's Broadway hit: 1933
17 Unit of energy
18 S.A. port, informally
19 Of the main artery
20 Explosive stuff
21 Radcliffe graduate
22 Connoisseurs of beauty
23 Lessee
24 C. 1000 B.C.-A.D. 100
25 In a strange way
26 Prefix for thesis
27 Lucrative
28 "Mrs. Scaggs's Husbands"
29 Access to
30 Prefix for sphere
31 Climatic concern
32 Succor
33 Breasts
34 Pequot's co-owner
35 Outer layer
36 All—up
37 Bredwinner

© New York Times, edited by Eugene Melachuk.

DENNIS THE MENACE



WHAT'S THE USE OF GETTING UP? ALL I GOT TO LOOK FORWARD TO IS THE CORNER, MORE CARROTS AND ANOTHER BATH.

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AYLIG
PANCO
KADMAS
NAHMLY

Print answer here: _____

Friday's JUMBLE LEAKS ERASE INVITE FACILE

Answer: What look of an open mind might be like—A SIEVE

WEATHER

Now arrange the coded letters to form the surprise answer, as suggested by the above cartoon.

Answers tomorrow

Print answer here: _____

Answers tomorrow

Print answer here: _____

Answers tomorrow

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Answers tomorrow

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Answers tomorrow

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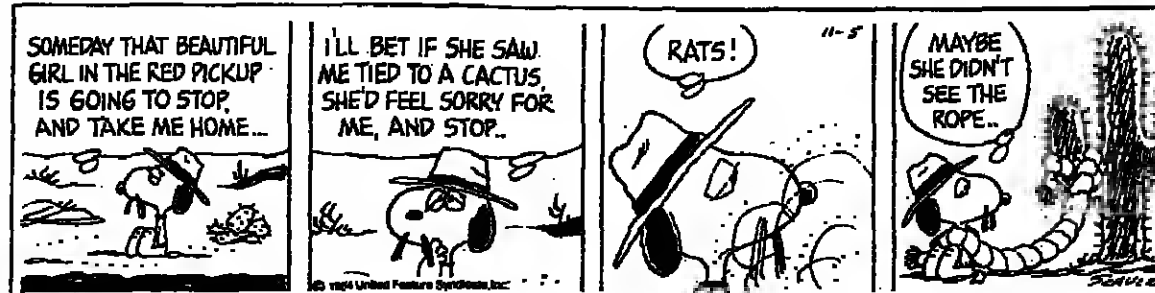
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Answers tomorrow

Print answer here: _____

Answers tomorrow

PEANUTS



BLONDIE



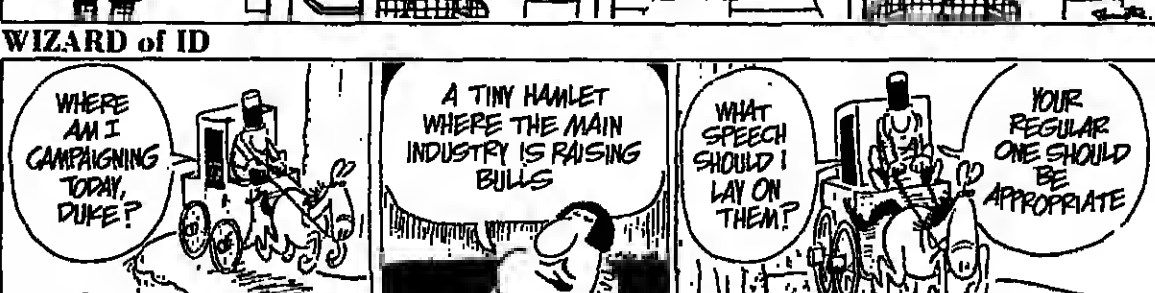
BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



SCOREBOARD

Football

Selected U.S. College Football Results

Alabama 24, Auburn 10; Arkansas 24, Baylor 10; Arizona 24, Cal 10; ...

Hockey

NHL Standings

Wales Conference: Philadelphia 1, Boston 2, ...

Basketball

NBA Standings

Atlantic Division: Philadelphia 1, Boston 2, ...

Transition

Baseball: Detroit 1, Boston 2, ...

European Soccer

English First Division: Aston Villa 1, West Ham 2, ...

Transition

Baseball: Detroit 1, Boston 2, ...

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BOOKS

THE INTELLECTUAL FOLLIES:

A Memoir of the Literary Venture in New York and Paris

By Lionel Abel 304 pp. \$17.95.

W. W. Norton, 500 Fifth Avenue, New York, N.Y. 10110.

Reviewed by John Gross

LIONEL ABEL has chosen a neat title for his literary memoir: "The Intellectual Follies"—folly as in foolishness, but also folly as in Zelig; a catalog of aberrations, and at the same time a colorful display. We are being invited, by the sound of it, to watch intellectuals as making a spectacle of themselves, in both senses; and in the event we are not disappointed. Abel has written a highly entertaining book as well as an instructive one.

Not that there is anything disdainful about his attitude. He himself is an intellectual to his fingertips, a critic and writer at large who has been a well-known figure on the New York cultural scene for half a century. He has shared many of the beliefs he describes, and much of the ground he covers is already familiar from other memoirs of the period.

Indeed, many readers may shrink a little at the prospect of one more account of Trotskyist tactics in the 1930s, or exactly what it was that Dwight Macdonald said to Harold Rosenberg in 1943, or the furor occasioned by Hannah Arendt's "Eichmann in Jerusalem." Yet Abel never leaves us with the feeling that we have heard it all before. He is too independent and effervescent for that; his mind goes off on too many unexpected tangents.

The story opens at the end of the 1920s, with an actor friend persuading him that the only place to live is Greenwich Village in New York. Abel, who is old enough to have been a bohemian before he was an intellectual, gives us a glimpse of such legendary Village figures as Joe Gould and Maxwell Bodenheim, but the acquaintance he writes about most is a young poet he calls Joseph R., who was full of contempt, especially for anyone who praised him, and who approved of a gangster who dealt Abel a vicious kick during a brawl: "I think Ricky is quite right in wanting to kill him."

This friendship, if it can be called that, was in some ways a forecast of things to come. Abel emerges from his memoirs as a connoisseur of outrageous behavior. He has a weakness for verbal terrorists, and for intellectuals who parade their homicidal tendencies—the

writer André Breton, for instance, who was one of the godfathers of French Surrealism, and who once proclaimed that the simplest Surrealist act would be to go out into the street with a revolver and start shooting at random: Abel doesn't approve, but he can't help being fascinated.

In the 1930s Abel was caught up in radical politics, and he has one or two fine set-pieces recalling the agitations of the decade—a rally at which Trotsky was to speak by telephone from Mexico (but somebody cut the wires); a meeting of left-wing writers where Ford Madox Ford, a distinguished white-haired anarchist, engaged his audience by trying to defend Ezra Pound on purely aesthetic grounds. The account of disputes among radicals about the correct attitude to take toward World War II is more arid, as befits the subject, but Abel's wartime reminiscences are enlivened by some picturesque anecdotes about the Surrealists who were living in New York at the time.

After the war Abel spent three years in Paris, and French intellectual life looms large in his story. The only writer who gets a chapter to himself in the book is Jean-Paul Sartre. Abel knew him well (he translated his play "Dirty Hands") and admired him greatly, though on this side of the Atlantic he doesn't hesitate to recall some of his more egregious political pronouncements. Nor does he gloss over the shortcomings of his other Parisian friends. The most attractive portrait he paints is of a Russian-born Italian savant called Andrea Cifari, a man whom he convincingly presents as courteous, large-minded, immensely civilized; but we end up with Cifari in a sudden fit of pique, insulting an old friend with breathtaking brutality.

Back in New York in the early 1950s, Abel hung around with Willem de Kooning, Franz Kline and other Abstract Expressionist painters. He conveys the artistic ferment of the period very well, and also the frustration of not being able to enter into it fully, since he was not a painter himself. The episode he dwells on longest, however, is an occasion when a professor of philosophy who had become friendly with some of the painters was unwise enough to invite them home to his farm in New Jersey. They proceeded to spill his wine, smash his crockery and generally wreak havoc—Abel's way of putting it is that they made a Jackson Pollock out of his dining table and living room.

By the end of the 1950s, Abel had begun to feel his world was breaking up. The gathering around this was his first home in New York was a threat to organize a letter to the Soviet and other parties protesting their treatment of Boris Pasternak, which was immediately blown off course by Paul Goodman's first announcing that he had no intention of reading "Dr. Zhivago" ("Pasternak can read me"), and then claiming that it would be in bad faith to protest, since those present had done nothing about the refusal of a movie theater in Hicksville, New York to show a recent Charlie Chaplin film. The 1960s, it is clear, were just around the corner.

Even so, Abel remains loyal to New York, and he ends with a letter to a friend who has moved to California, urging him to come back. With all its faults, he argues, it is a great city, and it is only in great cities that you can escape "the constant pressure of the humdrum"—a claim that his book, in its likable way, does much to substantiate.

John Gross is on the staff of The New York Times.

BRIDGE

By Alan Truscott

ON the diagrammed deal East opened one heart and South tried one no-trump, not unreasonably. However, the raise to two no-trump and the final bid of three no-trump were both the product of optimism or pessimism, depending on the way you look at it.

South had to try to manufacture nine tricks with 22 high-card points and no suit of any quality. He would probably have made seven tricks if West had hit on a club lead, attacking South's communications. But West led the heart jack.

East ducked and South won with the queen and returned by

suit. East won this one and should no doubt have kept right on with hearts. But it seemed to him wrong to lead hearts if South was doing so, and he shifted to the spade king. When this was allowed to win, he shifted to the diamond nine, helping declarer more and more with every fresh move.

Now it was West's turn to make his contribution to the declarer's fortune hope. He took his king when South played low, allowing three tricks to score in the suit. He then put the final nail in the defense's coffin by leading the spade nine. The ten, the queen, and the ace were played, and when South returned the suit,

he had nine tricks. West had to win, and East's heart ace with-cred on the north.

WEST

♠ 10 8 5 3
♥ 9 8 6
♦ 10 7 6
♣ A Q 7 5

EAST

♠ 4 3 2
♥ A K Q J
♦ A K Q J
♣ K J 10 9 8 7 6 5 4 3 2

Both sides were vulnerable. The bid- ding: East 1NT, West 2NT, Pass, Pass, Pass, Pass.

West led the heart jack.

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SPORTS

Marino's Success as Dolphin Is Laid to 'The Shula System'

By Dave Anderson
New York Times Service

NEW YORK — In the dazzling development of Dan Marino as the Miami Dolphins' quarterback, it's natural to talk about how Coach Don Shula has been lucky to have this brawny youngster, who throws a football as easily as if it were a dart and was the last of the six passers selected in the first round of the National Football League's 1983 draft. But instead, Marino might be even more lucky to have Shula coaching him.

Under another coach on another team, it's conceivable that, for all his now-apparent ability, Marino might still be wearing a telephone headset on the sideline, or he might have been rushed into playing before he was ready.

Instead, as the unbeaten Dolphins were awaiting Sunday's game with the New York Jets, the 23-year-old quarterback was thriving as no other second-year quarterback ever has. It's not an accident. Of the current NFL coaches, Shula is arguably the best. In his 22 seasons, his teams at Miami and before that at Baltimore have won 222 regular-season games, 2 more than Tom Landry has won with the Dallas Cowboys in 25 seasons.

Shula belongs with all the famous coaches of the past — Vince Lombardi, Paul Brown, George Halas, Bear Bryant, Knute Rockne, Pop Warner, Amos Alonzo Stagg.

"Don Shula can take his and beat you," said Bill Phillips, the New Orleans Saints' coach, once said in his Texas twang. "Or he can take your'n and beat his'n."

The reason not only for the Dolphins' enduring success, but also for Marino's sudden success, is "The Shula System," as Don Strock, the Dolphin backup quarterback, calls it. To understand The Shula System is to understand the coach's search for perfection in practice.

"We never let an error go unchallenged," Shula says. "Unchallenged errors will multiply."

When someone once asked Shula if perhaps it might be better occasionally to overlook a small flaw in practice, the coach smiled.

"What is a small flaw?" he said. "Whatever it is, Marino doesn't seem to have one. With 27 touchdowns this season, he should shatter the NFL record of 36, shared by Y.A. Tittle of the 1963 Giants and George Blanda of the 1961 Oilers, each in 14-game schedules. With 2,672 passing yards, he should surpass the record of 4,802, set by Dan Fouts of the 1981 Chargers in 16 games.

Including the nine games Marino started last season, the Dolphins have a 16-2 record with him as quarterback, not counting the 27-



Dan Marino

20 playoff loss to the Seattle Seahawks, in which he played on a knee that later required arthroscopic surgery.

"Never mind who's lucky to have who," Shula says. "Marino should be recognized for what he's done. I'm not out there when the ball is snapped. No young quarterback has ever done what he's done, being picked to start the Pro Bowl as a rookie before his knee injury kept him out, and now having a year like he's having."

At practice, Shula is never far from this 6-foot-4-inch, 215-pound (193 meters, 97.5 kilograms) quarterback from Pitt.

"We spend a lot of time giving Dan the picture he should have of the opposing defenses, our philosophy of what to do with the ball," the coach says. Some teams rush three players and defend with eight. Other teams are just the opposite; they cover every receiver and blitz everybody else.

"Dan's got an outgoing, attack-type personality. He's a winner because he's not afraid to do the things you have to do to win. He's like Joe Namath was in that respect, and he's like Dan Fouts is with his quick arm, his knowing what to do, his accuracy."

"From the moment he walked in, everything you saw about him, you liked. He's just a down-to-earth guy from Pittsburgh, blue-collar people, warm people. I've compared this guy to Larry Conka in personality. He's always around the locker room like Zerk was in our Super Bowl years, he just enjoys being around the other players."

When the Dolphins were winning Super Bowls VII and VIII, Shula constructed his offense around Conka, a 240-pound fullback.

"That's another thing about The Shula System," says Strock, a taxi-squad quarterback as a rookie on the Super Bowl VIII roster. "When he had Zerk, he ran the ball 65 percent of the time and passed 35

percent. Now it's just the opposite. But the quarterback in The Shula System is still basically the same — don't make the big mistake with an interception or a fumble, and when the big play is there, take advantage of it."

Most of the muted rookie quarterbacks often join bad or ordinary teams, but Marino joined a team that had gone to Super Bowl XVII with David Woodley at quarterback.

"When Dan arrived, he was surrounded by excellent personnel — a good line, good running backs, good receivers, a good defense," Strock says. "He also had played with a pro-set offense in Pitt, so his only big adjustment was in reading defenses. In college, they show you the defense. In the pros, they disguise it."

At the start of last season, Marino was on the Miami bench while John Elway, the No. 1 draft choice, opened at quarterback for the Denver Broncos.

"Elway was thrown into the fire right away, and he got burned," says Bob Griese, the Dolphin quarterback on those two Super Bowl teams who is now a television analyst.

Dan Reeves, the Bronco coach, eventually acknowledged that, starting the 1983 season with Elway at quarterback had been a mistake.

"In contrast, Shula eased Marino in," Griese said. "He brought him in late against the Raiders and the Saints, then he started him at home in the Orange Bowl on grass, the surface the Dolphins practice on, against the Bills, who hadn't won in Miami in something like 15 years."

Oddly enough, the Dolphins lost that game, 38-35, in overtime but Marino threw for 335 yards and three touchdowns. He was the quarterback to stay.

"Shula is really the Dolphins' offensive coordinator; he gives a quarterback confidence," Griese says.

Griese remembered once having objected to a play-action pass that pulled the opposing linebackers into the area where the primary receiver would be.

"If the quarterback doesn't like a play, Shula won't make you run it," he says. "Dan already is getting to the point where he talks to Shula about plays and personnel. Shula has given Dan more leeway. He lets Dan call the third-down plays, but Shula still calls all the first-down and second-down plays."

In his time, Griese called all the Dolphin plays. Perhaps someday Marino will call all the plays too, as the latest quarterback to develop in The Shula System.



Billy Costello (left) took some punches from Saoul Mamby, but he retained his WBC title.

Costello Successfully Defends Crown But 2 Other WBC Titles Change Hands

United Press International

KINGSTON, New York — Billy Costello retained his World Boxing Council super lightweight title Saturday with a unanimous 12-round decision over Saoul Mamby, a former champion. Two upsets, meanwhile, produced new WBC champions.

Earlier on the Kingston card, Juan (Kid) Meza of Los Angeles got off the floor in the first round and knocked out Jaime Garza, the previously unbeaten champion, later in the round to win the WBC super bantamweight title.

And in San Juan, Puerto Rico, José Luis Ramirez of Mexico, stormed back after being knocked down in the first and second rounds to stop another previously unbeaten champion, Edwin Rosario of Puerto Rico, in the fourth round to win the WBC lightweight title.

The upsets Saturday followed a mild one Friday night in New York, where Carlos Santos of Puerto Rico won the International Boxing Federation junior middleweight title with a 15-round

unanimous decision over Mark Medina, the defending champion.

Costello opened a cut on Mamby's eye midway through the fight and a deep gash in his lip late in the bout.

"He did about what I expected him to do," said Costello, now 29-0 with 17 knockouts. "He doesn't have what he used to have. He never hurt me once. He did a lot of talking before the fight and I didn't like it. I don't know what he thought this was, but it was no picnic for him."

Garza, one of the most devastating punchers in boxing, dropped Meza with a left hook early in the first round. But Meza was up at the count of eight. As Garza moved in to finish him off, Meza responded with a combination.

Garza missed with several wild right hands before walking into a ripping left hook to the chin. He went down flat on his back and his head bounced off the canvas near his corner. He attempted to regain his feet but he fell back to the seat of his pants in his own corner, where he was counted out by referee Johnny Lobianco.

Garza had a 40-fight unbeaten streak snapped along with a 23-bout knockout string. Garza won the title on June 15, 1983 with a second-round knockout of Bobby Berna.

"I didn't see the punch. I can't believe that I lost," Garza said afterwards. "I didn't hear what the count was, but they stopped it. I guess I was a little overconfident after I put him down."

At San Juan, Rosario dropped Ramirez with a short right to the chin in the opening 30 seconds and then pummeled him throughout the first round. In the second, a chopping left to the head sent Ramirez down again, and the ring physician was called.

After Ramirez got the go-ahead to continue, he wobbled Rosario with a powerful left hook late in the third round. In the fourth, a right hook in the jaw staggered Rosario, and Ramirez followed with a flurry of punches that left Rosario draped over a neutral corner with his back to the ring. Referee Steve Crosson stopped the fight with eight seconds left in the fourth round.

Potter played much better Saturday than she did in losing to Durie on Friday. She beat Hobbs with a powerful display of serving and volleying.

The British team manager, Sue Mappin, said: "When we went in at 2-2 after the second day, everyone expected us to win. There was a lot of pressure from the public and media. I was disappointed with Anne. In a way she tried too hard."

■ **Wilder Stops Connors**
Mats Wilander served magnificently to defeat Jimmy Connors, 6-7, 6-3, 6-3, on Sunday and earned a berth in Monday's final of the Stockholm Open tennis tournament, United Press International reported from Stockholm.

"Anders Jarryd was meeting the top-seeded John McEnroe in a later match."

Wilander, the third seed, served 12 aces against Connors, seeded second. "I have never seen Wilander serve anything like this," Connors said.

Wilander said: "This was definitely one of my greatest matches ever. I beat Connors in Cincinnati last August, but this was a much better performance."

■ **Garrison Wins Tournament**
Zina Garrison defeated Claudia Kohde, 6-1, 0-6, 6-2, in Sunday's final of the women's European Indoor Tennis Tournament to gain her first Grand Prix victory in her two-year professional career. The Associated Press reported from Zurich.

In Saturday's semifinals, Kohde upset the second-seeded Manuela Maleeva, 2-6, 6-2, 7-5, while Garrison romped to a 6-2, 6-0 triumph over Andrea Temesvári.

The top seed, Hana Mandlikova, was upset in the first round by Beth Herr.

Oilers Beat Hawks, 4-2, To Remain Undefeated

United Press International

EDMONTON, Alberta — Glenn Anderson scored three times Friday night as the Edmonton Oilers beat the Chicago Black Hawks, 4-2, and remained undefeated this season. The Oilers, with nine vic-

tory and two ties, are three games short of the mark for the fastest start in NHL history.

In other games Friday, New Jersey beat Minnesota, 2-1; Winnipeg tied Detroit, 3-3, and Buffalo routed Hartford, 8-1.

On Saturday, it was Hartford 4, Buffalo 4; Quebec 5, the New York Islanders 4; Washington 6, New Jersey 4; Philadelphia 5, Minnesota 1; Montreal 3, Boston 1; the New York Rangers 7, Pittsburgh 5; Vancouver 6, Chicago 4; St. Louis 5.



Glenn Anderson

NHL FOCUS

Four minutes into the third period, Ken Yaremchuk fired a 25-foot drive past goaltender Grant Fuhr on a two-on-one break for Chicago's first goal.

The goal ended a shutout string of 124 minutes and 52 seconds, a record for the Oilers, who defeated Vancouver, 7-0, Tuesday night in Edmonton.

Anderson completed his bat-

trick with just over two minutes remaining in the period, cashing in on another of his own rebounds. He has seven goals in the last seven games and nine for the season.

"It's a matter of taking a lot more shots now," he said. "I was always getting the opportunities but the puck is going in now, that's basically the difference."

76er Coach Cunningham Wins 400th

United Press International

PHILADELPHIA — The Philadelphia 76ers gave their coach, Billy Cunningham, the 400th victory of his seven-year career Friday, by holding off a late rally to defeat the Dallas Mavericks, 107-103.

In other NBA games Friday, Milwaukee beat Washington, 102-96; Boston edged Detroit, 127-116; Indiana defeated Cleveland, 116-109; the Los Angeles Lakers topped San Antonio, 119-100; and Utah overcame Seattle, 107-101.

On Saturday, it was New Jersey 118, Indiana 117; Atlanta 127, Washington 107; Phoenix 105, Dallas 93; Houston 105, New York 93; Denver 128, Kansas City 114; Milwaukee 117, Cleveland 88; Portland 131, the Los Angeles Clippers 112; and Golden State 112, Utah 107.

When informed that he had reached the 400-victory mark more quickly than any other NBA coach, Cunningham said: "It's not really

that important to me," then added: "It's hard to believe I've lasted this long."

Cunningham, 41, became the 76ers coach on Nov. 4, 1977, after retiring as a player just before the start of the 1976-77 season.

His career record stood at 400-172 after Friday's victory.

"I've been very fortunate to stay

in one city, and over the years I've been involved with some very top-quality people like Julius Erving, Caldwell Jones, Maurice Cheeks, Bobby Jones and many others," he said.

Philadelphia led, 74-54, early in the third quarter, and 86-73 after three periods. But Dallas then outscored the 76ers, 22-11, in close within 97-95 on a 3-point shot by Dale Ellis with 4:30 remaining.

A jump shot by Julius Erving

gave Philadelphia a 105-99 advantage with 91 seconds left, but a jumper by Mark Aguirre made it 105-101. Jay Vincent's layup with 19 seconds left brought Dallas to within 105-103.

However, Andrew Toney and Erving made free throws to clinch the 76ers' victory.

Moses Malone scored 26 for Philadelphia, while Erving finished with 24 points. Aguirre had 30 and Vincent added 22 for the Mavericks.

Dallas coach Dick Motta said his team could not expect to win after falling so far behind.

"I was very pleased with the comeback but I wasn't pleased with the first half," he said. "We wound up with 13 turnovers in the first half and we've only been averaging 14 a game. At halftime, I took out my ruler and slapped them on the hands and said, 'Don't do that again.'"

■ **For the Record**
A U.S. golf team swamped Japan, 30-18, in match play, and Tom Watson won individual honors by one stroke Sunday with a 7-under-par 135 for 36 holes in the \$500,000 Uchida Yoko Cup in Inzai, Japan. Watson held off teammate Mark O'Meara and Japan's Naomichi Ozaki.

■ **Riccardo Patrese and Alessandro Nannini of Italy, driving a Lancia, won the Kyalami, South Africa, 1,000-kilometer (620-mile) World Auto Endurance Championship.** Bob Wollek of France and Paolo Barilla of Italy finished second, less than a car length back.

(UPI)

Flutie Sets Record for Career Yardage But Boston College Loses to Penn State

Compiled by Our Staff From Despatches

UNIVERSITY PARK, Pennsylvania — Doug Flutie on Saturday became the first player in college football history to gain more than 10,000 yards in total offense over a career, but his team, Boston College, lost in the process to Penn State, 37-30.

Although he gained 421 yards Saturday, for 10,003 yards in four

COLLEGE FOOTBALL

seasons as the Boston College quarterback, the little scrapper turned the ball over four times.

Penn State (6-3) was led by a defense that pressured Flutie all game long and by the running of D.J. Dozier, who rushed for 143 yards and one touchdown, and Steve Smith, who gained 126 yards and scored two touchdowns.

Representatives of the Sugar, Orange, Cotton, Fiesta and Sun bowls were present at Beaver Stadium to see Flutie in action, as were 85,690 fans. One of the bowl representatives, who asked not to be quoted by name, indicated that the bowl may have taken Boston College (16-2) out of one of the major bowls and given the Fiesta Bowl its best opportunity to invite the Eagles for its New Year's Day game.

Flutie completed 29 of 53 attempts, but lost two fumbles on sacks and suffered two intercep-

tions, one as the Eagles were driving toward a late score. Boston College lost another fumble on the Penn State 1.

■ **Iowa 10, Wisconsin 10**
In Iowa City, Iowa, quarterback Chuck Long scored from the 1-yard line with 11:54 left as Iowa kept its Big 10 lead over Ohio State by tying Wisconsin, 10-10. Long threw three first-half interceptions, but completed 6 of 9 passes in the second half to help salvage the tie.

■ **Ole Miss 50, Indiana 7**
In Columbus, Ohio, Ole State raced to a 33-0 halftime lead and went on to overwhelm Indiana, 50-7, and stay one-half game behind Iowa in the Big 10. The nation's leading rusher, Keith Byars of the Buckeyes (7-2), was used sparingly because of an ankle sprain, and gained only 64 yards, more than 100 yards less than his per-game average.

■ **Washington 44, California 14**
In Seattle, Jacque Robinson

At Last, Marietta Triumphs

WOOSTER, Ohio — Marietta College snapped the longest winless streak in college football at 41 games Saturday when quarterback Ed Pekar's 1-yard touchdown run with 65 seconds gone the Pioneers a 15-12 victory over Wooster.

■ **Nebraska 44, Iowa 5**
In Ames, Iowa, Doug DuBois ignited a 28-point fourth-quarter blitz with an 80-yard touchdown run as Nebraska whipped Iowa 44-5, 44-0. The Cornhuskers (8-1) held the Cyclones (2-6-1) to five first downs and 53 total yards.

(UPI, AP)

Australia Opens Rugby Tour by Humiliating England, 19-3

By Bob Donahue

International Herald Tribune

LONDON — Australia launched a cocky challenge to the four British Isles rugby powers Saturday by humiliating England, 19-3. Three sparkling Australian tries in the second half left England looking second-rate.

Now come Ireland next Saturday, Wales on Nov. 24 and Scotland on Dec. 8. Captain Andrew Slack's squad hopes to become the first Wallabies in six full tours starting in 1947-48 to win all four test matches.

Everybody agreed Saturday night that it was going to be an uphill effort.

Slack, a 28-year-old schoolteacher, was quiet in victory, leaving it to English coroner to pronounce on the home corpse. (An "immature" team, English coach Dick Greenwood daintily said.) Slack admitted that Australia needs to keep improving.

Injuries can spoil a tour, especially when a squad lacks depth at key positions. Already the price of victory at sunny Twickenham was being Brendan Moon, eliminated with a broken right arm 26 minutes into the second half. Still only 26, Moon has played 30 times, a record for an Australian wing.

Australia fielded youth with experience, while England had youth without it. Ten of England's 15 starters have begun their international careers this year, including five who appeared Saturday for the first time.

They started confidently enough, with punts by new flyhalf Stuart Barnes keeping play at Australia's end. Loose forwards John Hall, Gary Ross and Chris Butcher quickly helped England dominate the scrums — the only component of play in which Australia was beaten. England defended well against initially labored Australian attacks.

Three times Barnes was able to kick for points in this early spell. After missing a penalty and a drop, he succeeded with a solitary penalty attempt in the second half, that kick was the end of England's threat.

It lead lasted three minutes. When wing Rory Underwood fumbled a high punt from Australian flyhalf Mark Ella and Hall dove into the ruck from the wrong side, center Mike Lynagh kicked the equalizing penalty.

Overall the 14-12 penalty count favored England, but Lynagh could take six penalty

kicks in Barnes's three. The Australian connected only once, and he and Ella failed with three drops. If both sides had kicked all their points, the score would have been 45-12.

The 3-3 score at halftime was deceptive. Thanks to improving ball control after losing tape by 6-foot-8 (2.03-meter) lock Steve Cutler, Australia was building what would end up as a 21-8 advantage at the lineouts. England was also suffering in the scrums.

Slack told of haranguing his backs in keep their cool. "We just waited and waited and took our chances when they came." As Greenwood saw it, early in the second half "the game drifted away from us."

Within five minutes a long pass from fullback Roger Gould launched Moon on a raid to the left corner, and from the scrum Ella faked out Butcher and darted between the posts. Lynagh's conversion made it 9-3.

England hung on gamely for most of the half, but a 10-point Australian spurge padded the margin near the end when Slack's backs finally let loose with a festival show of fancy passing and slyward running. Lynagh got a try on the right that he failed to convert. Then a long shovel pass from Gould, that

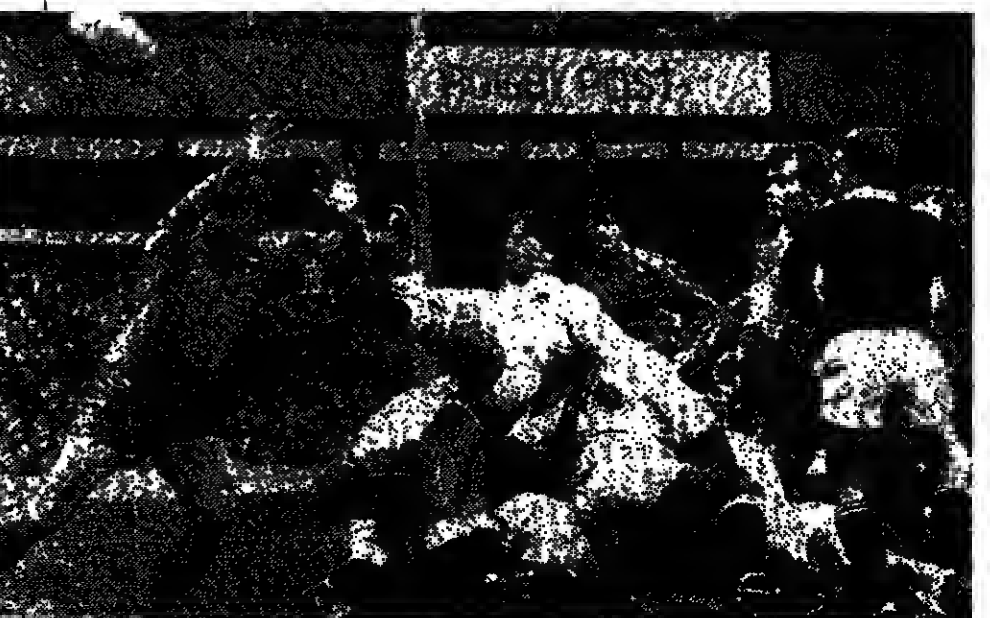
Ella snatched off his shoelaces, led to a try on the left for flanker Simon Poidevin.

"Come on, England, what the hell are you doing?" bellowed a voice from the crowd. "Their best," muttered an Englishman in the press box in reply. England's front-five forwards, in particular, had been outclassed, which meant a miserable time for their captain and rookie scrumhalf, Nigel Melville.

For the English, the year 1984 has been one long disgrace. Even in victory (12-9) over Ireland back in February, they could not score a try. There were losses to Scotland (18-6), France (32-18), Wales (24-15), South Africa (33-15) and 35-9) and now Australia. That second test against South Africa, played in Johannesburg on June 9, was the heaviest defeat in England's 377 major matches stretching back to 1871.

Even worse than 1984's 78-170 points tally has been the total of only two English tries scored in seven matches, compared in 20 tries conceded. And that sterility is not new. When Romania visits on Jan. 5, it will be 34 months since an English back last scored a try in a major match at Twickenham.

Nigel Melville, England's new captain, spent most of the match against Australia under pressure. He got off this clearance kick from a ruck despite onrushing lock Steve Williams.



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